WORLD AFFAIRS

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JANUARY–MARCH

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LETTER FROM THE EXECUTIVE EDITOR

We begin **World Affairs'** second year of publication with some focus on India. Three reasons have incited us to do so. The first is to mark the fiftieth anniversary of Indian independence, the second is to revisit Mahatma Gandhi fifty years after his assassination while the third is to evaluate India's external economic performance under its new economic policy.

For the fiftieth anniversary of the country's independence we turned to Indian Prime Minister, I K Gujral, for a wide ranging interview covering most of the major issues facing the country. Though responsibilities of power constrain politicians from being too outspoken, Gujral's account is not hermetic. Within certain limits he has clearly highlighted what India's problems are and how they should be dealt with.

To commemorate the fiftieth year of Gandhi's assassination we have spotlighted some of his thoughts and beliefs to ascertain their relevance to the post-industrial era. In an age where violence and terrorism dominate our system, it is indeed comforting to discern that Gandhi's process of non-violent struggle is still being deployed all over the world to remove many injustices.

Opening up economically to the outside world is the third Indian dimension in this issue. The focus is on the potentials of India's trade with the European Union. Business surveys carried out in Europe on the subject are optimistic, and if only India could put its act together the chances of a real breakthrough are indeed palpable.

In addition to India three major themes have been dealt with in this issue. The post cold war era has spawned a debate on whether capitalism in

its actual form is the only viable alternative left for developing societies in order to extricate themselves from a position of economic stagnation. We have inaugurated this discussion with a Russian contribution that challenges such an argumentation.

The other important topic pertains to the relevance of IMF solutions to the problems of the third world. Are the Fund's Structural Adjustment Policies really pertinent? Have they helped countries to pull themselves together? The contribution in this issue challenges this view.

And finally, is the third theme: post-Maoist Chinese experimentation. Has it produced palpable results? Is it still caught in the middle of a wrenching shift from a planned to a market oriented economy, or has China successfully overcome its problem It would seem that China is still not out of the woods, the transition is proving difficult. The State owned enterprises – pillars of Chinese economy – need some major overhauling. The leadership is fighting shy of facing the issue headlong and is only timidly involved in various experimentation to reform state enterprises.

Thus India's unimpeded growth, China's post-Maoist economic experimentation, the IMF's path for economic development, and the search for alternative models of societal growth, in sum, are the major themes raised in this issue

March 1998
Geneva

Harish Kapur

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LETTER FROM THE PUBLISHER AND EDITOR-IN-CHIEF

Industrial consumer societies have become hostage to speed and time. A psychic compulsion for pleasure-seeking missions has made speed a basic fact of life, and the accompanying violence and conflict in the process of acquiring resources, markets, wealth and power are its survival kit. The fruits of all these efforts, through a fast, new system of money movement, are concentrated in a few hands. Consequently, the sovereignty of nations becomes invalidated, and their development determined more by the compulsions of the market place and less by their own national needs and priorities. National social contracts are abrogated with impunity and international contracts are negotiated and enforced through a variety of instruments for covert and overt action.

Traditional societies are becoming the victims of the very same processes because of the corruption of their leaders and because of their connivance or inability to cope with the ruthlessness of the market place. Functioning at subsistence levels, their human and cosmic relationships were so structured that it kept the social organism in balance and society in harmony with ecological imperatives. Such societies laid down a person's rights and duties, plus avenues for seeking meaning and purpose in life. The rewards and punishments were also understood. Societies overwhelmed by the pressures of satisfying minimum basic needs are being forced on to the fast, consumerist track, and have to resort to technique to stimulate desires for luxury goods and provide means for their satisfaction. A small media-literate elite is launched on a pleasure seeking mission, thus enriching the coffers of some visible and many invisible beneficiaries.

The ceaseless acceleration of this process glorifies the consumer and abbreviates other human attributes and potentials, such as wisdom, compassion and integrity. While the Western concept of democracy provided the right to

develop and raise individual levels of consumption, the glorification of material and sensory attributes placed society in the care of those who could manipulate and control the system. And this has become the driving force behind an accelerated movement of the world's political and economic system, and the degradation of the environment.

An unfettered flow of information and the projection of doctored images of national and international events surrounds leaders with the paraphernalia of royalty, they often appear on television screens as actors to entertain, rather than as dispensers of hope. Through manipulated consent they can eliminate unsupportive ideas but not poverty or aspirations. The sustained projection of images of gross consumption alongside with those of misery, violence and death are making viewers insensitive and immune to the misery of others, and confused about what is real, and what is not.

The process of globalisation of the economic order is now being derailed through compulsive acceleration and thoughtless action. The design, purpose and speed of globalisation are controlled by the beneficiaries, who have their own agenda, while the victims fight for their survival in the midst of inflation, unemployment and mounting indebtedness of nations which is being serviced with devalued currencies. The use of force and economic pressures discourage the evolution of social arrangements that could spark innovation and assure human welfare. Only the search for a larger human purpose, beyond the satisfaction of basic and evolving human needs will contain the ecological and social consequences of such destructive consumerism. The South East Asian crisis has highlighted the fact that the very bankers and financial institutions who fuelled irresponsible growth also benefited from it, through the knowledge or perhaps the assurance that international financial institutions under superpower clout would bail them out with their largesse. All this, at the inevitable cost of millions of suffering people who were ruined.

When economies are booming and wealth aggregates with the few, the government is not expected to interfere in the freedom of the market. But, when unsold goods, bad debts or political and economic turmoil result from such policies, then laissez-faire systems call for government intervention — to manage the crisis, often with the money of the poor. The collapse of the Soviet Union signalled new freedoms for the controllers of the market place, and assured an aggressive intensification of the unidirectional policies of globalisation.

Globally, conflicts for ideology or territory are easier for people to comprehend than cultural conflicts. Culture represents good taste, education,

manner, and the artistic, spiritual and philosophical pursuits of people. Civilisational conflicts are, therefore, a contradiction in terms. But when a society makes material acquisition and its stock of lethal weapons its symbol of power and success then the entire value system of that society is conditioned and upheld by these parameters. This endless search for material gratification makes culture an external manifestation through transitory sensory objects rather than an internal human quality. And values, instead of emerging out of the standards of eternity, are constructed on the rapidly shifting sands of time. The growing darkness about the true value of culture, and a multiplicity of violence based values are becoming the determining factors in the concept of "civilizational conflicts". Civilization is being shorn of the true meaning of culture and hitched to wealth and power. So the conflicts for resources, markets and maintenance of economic differentials has now assumed a new character, namely, "civilisational conflict".

According to Cartesian thought, the world consists of building blocks which can be separated and put together at will. The world had a form, but the imperial powers changed it for a colonial purpose. This gave us two world wars while the colonial system eventually exploded.

The new sciences clearly state that the bio and human systems are so integrated that by their dissection the very nature of the system changes. Furthermore, while organisms — bio or social — represent all the constituent parts, none of these parts represents the entire organism. That the bio and the social systems cannot be altered at will and reconstructed to suit the whims and fancies of the beneficiaries is not being understood. And irretrievable damage is being done to the ecological and social environment as well as to the human system.

Through the centuries, hundreds of ethnic, sub-ethnic and religious groups lived together in harmony in India and other countries. Unlike in the West, the continual evolution of new spiritual or social contexts was accepted by the people within their own ethical, cultural and religious frame. This was represented in such various forms as dance, music, painting and architecture while retaining the core spirit and drawing inspiration from it. This was one of the great achievements of the Indic civilization which reached hundreds of millions of people in the subcontinent and which has created a kind of national psyche, defining India for the last 5000 years. This inter-religious and inter-ethnic unity of Indian culture has many great achievements to its credit.

converging all these forces into a great civilisation. This happened at the sub-continental, national and regional levels. The emergence of Sufism under the royal patronage of Emperor Akbar was itself an evolution from India's social organism which gave a universal Indic-face to the Mughal reign. The Mughal Empire perished when it lost its evolutionary integrative context. As in the case of the bio-energy system, these systemic changes have been nesting one in the other, giving unity and continuity, which the Cartesian mind could not comprehend.

The only way the colonial powers could consolidate their position was to strike at the very foundation of this integrated unity. This was achieved by breaking down social structures, and establishing a system of patronage, thus creating areas of tension between the various religious, ethnic and racial groups, which represented the unity and complexity of the country. This experiment worked well for some time. Ultimately, as in the case of India, they had to yield to the compulsions of the people's psyche but in their retreat, divided the country along religious lines. This process was repeated in most colonial countries in a variety of ways. Thus colonialism broke the ethnic, religious and cultural harmony to serve the colonial purpose. And now the very same building blocks are being put together on an international scale as Islamic, Confucian, Buddhist, Hindu and Christian, all in a confrontational mode, to serve the very same purpose under the new banner of Globalisation, and with a new instrument called Civilisational Conflict.

This intervention at the level of the sacred human dimension to serve the material interests of an invisible elite may turn out to be the most diabolical action against our human future. It would lead to the breakdown of the cultural diversity of the human family. A great tragedy is being enacted in this process of bringing down every remnant of humanism, that crosses the acquisitive path. The world community must respond to this challenge to save human future.

New Delhi
March, 1998

J C Kapur

INDIA'S JOURNEY:

50 YEARS OF INDEPENDENCE

Will the India of tomorrow be an India of new opportunities? Interviewed on the eve of the general elections, Prime Minister IK Gujral outlines India's achievements and failures in the last fifty years and spotlights the challenges facing the country as it enters the new millennium

World Affairs *What in your view are the most salient achievements of India in these five decades of Independence? And what have been some of India's major failures during this period? Where did we do wrong?*

IK Gujral India's achievements during the first five decades have in the larger historical perspective been far reaching. We have succeeded in maintaining the unity of our nation and in keeping this vast country together. The greatest achievement of India since Independence has undoubtedly been the establishment of a democratic and secular system of government and politics. The leadership of Jawaharlal Nehru in providing a vision for a modern, forward-looking nation on the mixed economy model and in creating an infrastructure for its realization has been one of his greatest contributions to India. Its functioning as a unified dynamic nation, over the last half century, is a great tribute to the people of India, to Mahatma Gandhi, Jawaharlal Nehru, Sardar Patel and to hundreds of others, who worked towards achieving this objective.

Our achievements in these five decades have been huge by any standards, although some shortcomings do remain owing to lack of adequate, planned, and sustained efforts in the areas of rural development, education

health and family planning. It is a matter of personal embarrassment to me as prime minister of India that safe drinking water is not available to all my countrymen, and that illiteracy and unequal opportunity, especially for women, are still widespread in our country. Major variations in achievements in different states show that there was need for a massive effort both by the centre and the states. Power without ethics and morality in our polity, and responsibility without power and accountability in our public sector, have been some of our other failures.

India is too vast and too diverse to be ruled by the uniformity of an excessively centralized State. It must allow the fullest representation of its great diversities, and this can only be possible within the framework of a vibrant and cooperative federalism.

WA *What are the priorities that need to be addressed today? Has your government established a short list of what you consider crucial issues for India to focus its attention on, as we approach the end of this century?*

IKG We have made commendable progress in building a modern India, confident of itself and its capability to meet challenges from its own resources. Within this context, an important imperative is the empowerment of that India which is still battling with the problem of hunger, shelter and disease. The need to temper growth with equity was a legacy of the founding fathers of our nation. The time has come to give that legacy a more complete implementation. The imperative of today is to move beyond just intentions. We must bring actual change at the ground level.

We have made progress in developing cooperative federalism within our polity. This has to be built up. India is too vast and too diverse to be ruled by the uniformity of an excessively centralized State. It must allow the fullest representation of its great diversities, and this can only be possible within the framework of a vibrant and cooperative federalism. I believe that a polity which progressively makes this possible will strengthen the unity of the nation. I have personal experience of presiding over a cabinet which has representations from almost every part of the country, and which enables all the regions to get a chance to directly participate in national governance.

This is specially important because the India of tomorrow will be the India of new opportunities

A fundamental priority must be to combat seriously the loss of ethics of values, of principles, of a sense of rectitude and of probity in our polity today. For a democracy to be truly great, people must not only have freedom to vote they must also have the freedom of choice not between the bad and the worse but between the best and the better It is a matter of regret that criminals have found a refuge in the political process There is a prime need to restore decency and basic virtues in public life

Indians who are somewhat better off need to free themselves, once and for all, of the illusion that the successful in this country can secede. There cannot be two Indias in one — the one progressing and looking ahead and the other static.

Another important issue relates to our foreign policy interaction India must emerge as a factor of peace and stability in the region This does not for a moment imply that we become in any way less sensitive to our national interests What this does imply is a larger vision and the ability to see beyond the immediate with a view to pursuing our long term interests I am happy that there already seems to be a consensus on the need to continue policies which enhance the atmosphere of trust and cooperation in our region

WA *After the partition of the sub-continent India remained united This is undoubtedly remarkable and you emphasised this in a recent interview with the BBC But, separatist movements in Kashmir persist as they do to some extent still in the Punjab, and threaten to grow in Northeastern India To what do you attribute these trends, particularly in areas contiguous to neighbouring countries? How does it affect our security?*

IKG: Indian unity is not just based on politico socio economic imperatives but has a much deeper, more fundamental meaning There has been civilisational unity and continuity in our country through 5000 years of history We have had some problems in our border states and there is conclusive evidence that some of these problems originate from source

outside the country. This makes it essential that our international and external security issues receive top priority. Next, we must ensure that the youth of our country are given new opportunities, new hopes and new challenges, and that they do not feel cut off from the national mainstream. Finally, Indians who are somewhat better off need to free themselves, once and for all, of the illusion that the successful in this country can secede. There cannot be two Indias in one — the one progressing and looking ahead and the other static.

WA *Frankly all the different attempts on the part of successive governments to manage these crises have failed. Don't you think that new ideas and new solutions need to be sought?*

IKG Earlier governments have made progress in tackling these problems. There has been an ongoing process of normalization in these areas. The situation in Punjab has become stable due to the determination of the state to combat secessionist forces, as well as through the people's participation in this. The situation in Kashmir today is well under control. We have taken, and will continue to take, further action to address these problems. Our recent policy orientations to improve relations with the bordering states have shown satisfactory results. What is required now is hard work, discipline, unity of purpose and faith in the future of the country and in our people.

WA *The great achievements appreciated by all, inside and outside the country, are Indian stability and Indian democracy. Now that India has entered the coalition phase at the Centre, don't you think that, sooner or later, this will create serious problems of viable governance which in turn could jeopardise Indian stability and Indian democracy? Even if it is more representative than single party government, the multi-party coalition you are now heading has slowed down the whole decision-making process, has it not?*

IKG We have to develop a coalition culture as coalition governments are going to be quite a normal feature of the politics in India, as indeed they are elsewhere in the world. I would say that coalition governments have in many respects proved to be more democratic and transparent than single

party governments. I have personal experience of presiding over a very representative cabinet. I have been part of cabinet deliberations under successive governments for more than 25 years now, and I can assure you that cabinet decisions are more truly unanimous now than they have ever been in the past. Starting from different standpoints, through negotiations and dialogue, genuinely unanimous decisions are arrived at. It is true that the processes leading to a consensus are time consuming, but with the passage of time as we become better versed in coalition governance, this too will improve.

WA. *What are your basic assumptions on Indian development? Do you [illegible] framework on which India can focus for its development?*

IKG The only way we can approach the problems of poverty and development are through our own national efforts, along a path dictated by our needs and priorities. The basic framework around which our development effort must be centred is the need for growth with equity. The rural-urban divide, the gap between the industrialised and the backward states must [illegible] be bridged. As I have said earlier, there cannot be two Indias — one at the cutting edge of globalisation and the other resigned to marginalisation. Our march forward must carry with it everybody; our goal must be to ensure genuine improvement in the quality of life for all our countrymen.

WA *One of the major economic developments [illegible] greater marketisation of the Indian economy. There is a general impression [illegible] process has slowed down, presumably under pressure from different political [illegible] ideological interests who would prefer the status quo [illegible] direction. Do you accept this argument? If so, to what do you attribute [illegible]? Has [illegible] really thought out the broad economic direction it wishes to take? [illegible] transition phase in our conceptual thinking regarding the economic [illegible] ment?*

IKG India accounts for 16 per cent of the world's population but possesses just two per cent of the world's land area and only one per cent of [illegible] resources. These statistics underpin the imperatives of liberalisation and globalisation. While moving with caution, we have to accommodate the

processes, taking into account the fast changing situation within India and in the international environment. Our strategy of economic development has to address the needs of the large mass of our people. In our highly evolved democratic polity, where the people understand their interests and power, nothing else will be acceptable. Pandit Nehru outlined a broad strategy for a mixed economy, which has stood the test of time. While the broad outlines are clear, our strategies will have to be fine-tuned to keep pace with the requirements of the times.

Our people will have to be at the forefront of the fight against corruption; it is the people who must display their complete unwillingness to tolerate corruption, whether it is in their day-to-day life or in their public men.

WA *Much of the economic thinking — at least at the international level — is moving away from the building of gigantic projects which do not have any effect on the eradication of poverty. The World Bank is one of them. It has now declared that it wants to focus principally on programmes that have a visible and rapid effect on the removal or the reduction of poverty. Don't you think that India should also move in that direction by focusing on very specific projects such as providing drinking water to people, setting up an efficient public transportation system, improving sanitary conditions, slowing down the process of urbanisation that is strangling Indian cities, etc?*

IKG I agree that we have to emphasize people-oriented projects like education, drinking water, employment generation, public transportation and so on, because these will influence the quality of life and the welfare of the people. Uncontrolled urbanisation and the difficulties of rural life must be dealt with from the larger economic, political and human angles.

WA *Corruption is rampant in India. Practically every infrastructural development — telecommunications, transport, roads, defence, internal security — ends in a scam of vast proportions. You have taken a firm stand against it. But what concrete steps has your government taken, or planned to take, to eradicate what has become pandemic in the country?*

IKG: Fighting corruption has been our foremost priority with a view to ensure that all those who are damaging our national interests are brought within the ambit of the law and given exemplary punishment. We have expedited the filing of charges against many alleged culprits, and we are seeking co-operation of the courts not to delay this process of justice, both in the human and national interest. As you know, I have set up an anti-corruption cell in my office to monitor and expedite enquiries into corruption charges. But, ultimately, our people will have to be at the forefront of the fight against corruption; it is the people who must display their complete unwillingness to tolerate corruption, whether it is in their day to day life or in their public men ... it is this widespread social reaction that will deter corruption.

WA: *Is globalisation a threat to the existing Indian economic system? Can we resist its on-going pressures to globalise everything? Is it desirable? Is it unavoidable? Can it succeed in this day and age? While the G-7 and international organisations are pressing for its acceleration, others are becoming alarmed by the deleterious effect it is generating. What should we do?*

IKG: Like any challenge, globalisation can be a threat or it can be an opportunity. It is for us to address this challenge in a positive spirit. But many ways, globalisation is inevitable and we have to arrange our economic system and our financial institutions in a manner so as to be able to withstand the political, economic and technological pressures of globalisation. India has always been part of the global system. We were in the centre the trade routes between Europe, Asia and Africa and these linkages go back into history. Our internal weaknesses made us frequent victims aggression and we suffered over 200 years of colonialism. Till today, we bear the scars of this forced internationalisation and exploitation, including the partition of the country. Globalisation for technical reasons may be a new word, but we have for long lived with its consequences. Therefore, we have to understand this and plan our own safety nets to become self reliant and sustainable. Any forced globalisation of the economy can have negative consequences, and the integration of our economy into the global economy must, therefore, proceed with caution and in a planned manner.

WA: *The position you took at the Commonwealth summit meeting was that any further attempts — through agreements — to accelerate globalisation should be stopped for the time being. Does this represent only an Indian view, or do other developing countries go along with this line of thinking?*

IKG: Our views on globalisation had strong support among the countries of the Commonwealth.

WA: *A number of leading industrialists within the country are becoming concerned about its negative effects. They seem to be opposed to the unbridled opening up of India. What are your views on the question?*

IKG: While we will consult Indian industrialists on specific issues, as we have been doing in the recent past, issues concerning the viability of Indian industry under a rapidly changing environment and the determination of broad, national interests can only be undertaken by the government.

WA: *Globalisation is also promoting extreme forms of consumerism and violence. This is disrupting the entire human and ecological system. Can we afford to allow this?*

IKG: Extreme forms of consumerism do indeed have the potential to distort normal human and ecological systems. As Gandhiji said, "The Earth produces enough for everybody's need, but not for everybody's greed." Balanced growth accompanied by humanism, compassion, and the adherence to a moral order alone can constitute the foundations of a sustainable human society. We must strive against inequitable consumption of resources, and we must stymie the establishment of high-consumption and high-waste societies that have to be finally protected with lethal arms. They have been the root cause of conflict in the past. This is not our conception of the global order.

WA: *In this context, do we have something to learn from financial intervention in Asian markets?*

IKG: We have learnt some important lessons from the recent events in Asia, and they will guide us in planning our own strategies for liberalisation. Foremost among them is to move with caution.

tant factor in the modernisation, liberalisation and globalisation of the economy. Without education, the empowerment of the large mass of people, particularly women, is well nigh impossible. India will have to direct much greater resources to education up to the high-school level. However, in the present world environment, higher technical education cannot be ignored.

WA *How do you assess the post-cold war situation? What, in your view, are the major mutations that have taken place in the international system, and what is India doing to adapt itself to the new situation to protect its interests?*

IKG The post cold war situation and the demise of the Soviet Union have established an ideological balance of power vacuum in the international environment. Furthermore, it has constricted the different alternatives of seeking solutions to the problems of poverty in developing countries. While earlier they could choose points on the spectrum between planned and *laissez-faire* economies, now the pressures are building up to marketise the entire economic system around the world. This has obviously caused the massive concentration of economic power in a few countries and even more in a few hands. I believe that the emergence of strong regional groupings such as the European Union, ASEAN and SAARC can alone negate these trends.

WA *Has India taken a position on the proposals made by the Secretary General of the UN for the reforming of the UN system? What are the chances of India becoming a permanent member of the Security Council?*

IKG The position in this regard is still evolving.

WA *Is non alignment really relevant to the post-Cold War era? Since the non-aligned countries have decided to maintain their international institutional structures, including non-aligned summit meetings, are attempts being made to adapt the whole concept to the post-cold war era?*

IKG Non-alignment does not necessarily mean that there have to be two super powers, so that we can exercise our right to align with one or the other. Non alignment means resisting unjust causes or undue exercise of power. The urge for development is the central point that keeps us together.

I believe the movement will find its own orientations in the changing world environment. This is particularly important during an era of unipolarisation

WA: *What is the present state of Sino-Indian relations and Indo-Russian relations Are they progressing or have we reached an impasse?*

IKG: We appreciate the way China has developed However the quantum of financial investment from outside has been higher in the case of China than in India This has created a new economic picture in that country As far as India's relations with China are concerned they are on a fast track There was a long period of misunderstanding between us One of the handicaps of traditional societies is that when they make peace they do it very slowly Our relationship with China can only be viewed in a historic perspective The continuity of our many cultural links and commonality of interests augur well for a harmonious relationship in the future

Our relationship with the Soviet Union and now with Russia has been exceedingly friendly and warm The Soviet Union made a major contribution to our efforts in setting up the defence power and metal industries infrastructure In the area of defence we regard Russian co-operation invaluable Our mutual security pacts which lasted for over [illegible] years contributed greatly to Indian security The breakdown of the Soviet Union [illegible] not affect our relationship with Russia it only slowed the process of co-operation Now there has been a distinct improvement in the mechanism for co-operation, and President Yeltsin will be paying [illegible] the Indo Russian relationship will make an important contribution towards the emerging new world order world peace and co-operation [illegible] We believe that we have entered a new phase in our relations with Russia

WA *How do you assess the present state of Indo-American relations [illegible] after your recent meeting with President Clinton?*

IKG There are many factors including democratic polity in the two countries which have kept our relationship on an even keel Both sides are making continuous efforts to upgrade this relationship to higher level Discussions are now underway for creating a mechanism for a continuum dialogue between our two countries We are now coming to a stage wher

the mist of misunderstanding has been lifted, and there is greater mutual understanding. Also there is greater appreciation for Indian institutions and an appreciation for our programme for the future. My most recent meeting with President Clinton and Mrs Hillary Clinton contributed greatly towards this effort. But we do often have different perspectives on the world situation, as also on our economic and security interests. The fact that we have, through the decades, been resolving these differences through negotiations is an important factor, and it will hopefully continue to be so in the future.

The relationship with Pakistan still carries some historical baggage. Throughout my tenure as external affairs minister and then as prime minister, I have sought to build a working and tranquil relationship with Pakistan.

WA *Regional cooperation, integration is one of the major developments in the post-cold war era. What could accelerate the process in South Asia, which is clearly still behind other regions regarding this? What about the Indian Pacific Ocean Rim? Can we find a common focus and commonality of interests? Can we neutralise the negative effects of G-7 policies by establishing good working relations with members of the Indian Pacific Ocean Rim and with China and Russia?*

IKG Regional cooperation is the logical and obvious course for us to follow. There are many cultural, trade and other links, particularly between the countries of Asia and Africa, which go beyond proximity and complementarity. Many of the bonds which were snapped during the colonial period are now being restored.

We have taken many steps towards the emergence of a South Asian market of nearly 1.5 billion people. It could be a major force in the world environment. The SAARC countries have come to the conclusion that we must go in for preferential trade agreements and move towards a free trade zone. This first phase, i.e., SAPTA, has been put into operation and is working reasonably well. Similarly, the ASEAN and Indian Pacific Ocean Rim countries, are steadily coming together. The Indian Ocean Rim initiative is a valuable meeting point for Indian Ocean countries, with great potential for intra-regional trade and cooperation. The increasing political

and economic pressures on the region are slowly, but surely, bringing about the realisation that only by staying together can they approach the problems of development, security and freedom

WA *The so-called Gujral doctrine has apparently helped India in improving relations with some of its neighbours, but not with Pakistan. Despite all your efforts to improve relations, do you think that a breakthrough is really feasible unless the Kashmir issue is solved to the satisfaction of both countries*

The developing countries of today will become the high economic frontiers of tomorrow. If today they are not provided better terms of trade and market access, and greater resources for their critical, developmental needs, the consequences will adversely affect global prosperity tomorrow.

IKG Our relations with our neighbouring countries have improved considerably during the last few years. The seeds of such co-operation have always been there; what has been called the Gujral doctrine only helped in crossing a few bridges. The relationship with Pakistan still carries some historical baggage. Throughout my tenure as external affairs minister and then as prime minister I have sought to build a working and tranquil relationship with Pakistan. Unilaterally we have taken several steps to ease travel and other restrictions between our two countries. I have had several meetings with the Pakistan prime minister and our foreign secretaries have met on several occasions. We are working on the relationship, and we hope the leaders of Pakistan will see that the way ahead is the way of cooperation and dialogue

WA *With the increasing marketisation of the global economy, don't you think that the time has come for the Indian intellectual elite to seriously and effectively think out India's new societal options in the post cold war era*

IKG India is changing, that change is organic and comes from within. The mindset of the past is disappearing. At the same time our commitment to social and redistributive justice needs understanding and appreciation. The developing countries of today will become the high economic frontiers of

tomorrow. If today they are not provided better terms of trade and market access, and greater resources for their critical, developmental needs, the consequences will adversely affect global prosperity tomorrow.

WA *We would like to end this interview on a personal note. How do you see your own intellectual journey since your membership of the Communist Party in the forties?*

IKG: My intellectual journey has followed a path of reason, justice and commitment to certain human ideals. Whenever I saw injustice, inhumanity or oppression of man by man in any form, I joined the forces that were fighting it. My energies were directed against the colonial forces and then, after independence, they were channelled into the task of building a modern and forward-looking nation, which each and every citizen could be proud to call his own. ■

M K Gandhi — Man Of The Century

Revered as "mahatma" or great soul in the land of his birth, Mohandas K Gandhi's influence stretched well beyond the shores of India. In this the centenary year of his birth, Kevin Anderson, associate professor, Northern Illinois university, Vasant K Bawa, member of the Indian Administrative Service, and Johan Galtung, professor of Peace Studies, in different universities, analyse his thought and reflect on its relevance in the modern world

THE RELEVANCE OF GANDHIAN AND MARXIAN HUMANISM TODAY

KEVIN ANDERSON

This year, the fiftieth anniversary of the tragic assassination of Gandhi, coincides with the 150th anniversary of the publication of Marx's Communist Manifesto. The crisscrossing of these two important anniversaries in the theory and practice of human liberation poses the question of the ways in which Marx and Gandhi speak to us today. Are their writings merely relics of the past, however brilliant and inspirational, or do they also help us to navigate today's crisis ridden world? In this essay we view the theoretical writings of Gandhi and Marx with an eye towards these issues.

While each rooted himself in a form of radical humanism, there are, as is well known, major differences between Gandhi and Marx. First, Marxian humanism arose out of the crisis of industrial capitalism, while Gandhian humanism emerged out of the struggle of an ancient agricultural civilisation to liberate itself from Western imperialism. Second, Marxian humanism considers class conflict and revolution as part of the

struggle for human self-emancipation, while Gandhian humanism adheres to reconciliation of classes and to non-violence as a principle. Third, Marxian humanism is secular, rejecting religious categories, while Gandhian humanism refers explicitly to Hindu and Jain religions. Gandhi evokes an asceticism not found in Marx's work.

At the same time, there are less often noted similarities between these two forms of radical humanism. First, both of them are a radical rejection of Western capitalist civilisation. Second, both posit for the future a vision of a society free of alienation. Third, both share a confidence that human liberation is on the immediate historical agenda. In this sense, both reject the rationality of capitalism, something which few even on the left seriously question today.

Gandhi's radical Hinduism exhibited many progressive features. He advocated uprooting untouchability, eliminating women's oppression in some forms, and weeding out other extremely oppressive features of Indian society.

GANDHIAN HUMANISM

At the outset it is necessary to note that Gandhian humanism does not involve either a religious rejection of the world or a religious fundamentalism intervening in the secular world. Margaret Chatterjee (1983), for example, astutely compares Gandhi's critical and radical Hinduism in this regard not to Islamic fundamentalism, but rather to Roman Catholic liberation theology in Latin America. His style and dress was that of a traditional Hindu holy man even though his aims and goals were essentially non-traditional. Gandhi's radical Hinduism exhibited many progressive features. He advocated uprooting untouchability, eliminating women's oppression in some forms, and weeding out other extremely oppressive features of Indian society. The Marxist sociologist A R Desai has underlined Gandhi's commitment to changing the conditions of historically subordinate groups, including India's women. Gandhi was also committed to harmonious relations with non-Hindu religious groups, especially Muslims, a stance which led, tragically, to his assassination by a Hindu fundamentalist.

Some features of Gandhian humanism would seem almost retrogressive however. These include his promulgation of cow-protection as a major goal of the rural Gandhian movement, his advocacy of spinning on a handloom as an alternative to industrial capitalism, and his deeply traditional religious style.

Gandhi's Hindu-based concept of *satyagraha*, the active but non-violent non-cooperation with oppression, is his major theoretical contribution. This concept was not only a political tactic, but also a philosophical, religious principle. It underlay his leadership of the struggle against British rule in India 1919-1947. It was, however, a very contradictory philosophy. *Satyagraha's* limits were seen after the Amritsar massacre of 1919, when hundreds of peaceful Indian demonstrators were machine-gunned to death by British soldiers. India seemed to many to be on the verge of revolution, in a period of world upheaval following the Russian Revolution. Far from deepening the movement into a real confrontation with British imperialism after Amritsar, however, Gandhi used all of his considerable prestige to stop the movement in its tracks, because it had strayed beyond his non-violent tactics. During the same period, however Gandhi surprised many of his Marxist critics by aligning himself firmly against the native Indian textile mill owners of Ahemdabad when their workers went on strike, even though the mill owners were financial supporters of his Congress Party. A more radical side of Gandhianism also emerged during the Quit India movement launched in 1942. It should be recalled that pro-Soviet Marxists opposed anti-imperialist movements against the Western powers in this period because this might interfere with the Soviet Union's struggle against Hitler's Germany, in which Stalin's Russia was allied with Britain, France and the US. The Quit India movement took on a near insurrectionary character, especially in Bihar. None of this, however, enabled India to avoid the conflagration of 1947-48, which tragically dismembered the land on the eve of independence leaving scars which fester today in inter-religious pogroms.

Gandhi's *satyagraha* also transcended the borders of India to become a universal form of struggle for world-wide movements for peace, social justice and national liberation. In this regard one could mention the independence struggles in Africa, as well as the peace and civil rights movements in the Western capitalist lands. The noted Gandhian scholar and former secretary to Gandhi, N K Bose, has pointed to the importance of *satyagraha* to the worldwide peace movement, stressing that such humanist dimensions were even more fundamental to Gandhianism than was nationalism: 'It is clear that Gandhi was

inspired by the highest ideals of democracy and eqalitarianism. He was a humanist even before he was a nationalist.' (N K Bose, "Gandhi: Humanist and Socialist, *Socialist Humanism* edited by Erich From, New York: Doubleday, 1965).

Gandhi was also a sharp, albeit not very systematic, critic of industrial civilisation as a whole. As early as 1924 he had objected to what he termed the modern "craze" for machinery, which he held creates unemployment and alienation in Western capitalist civilisation. 'It is an alteration of the conditions of labour that I want This mad rush for wealth must cease, and the labourer must be assured, not only a living wage, but a daily task that is not mere drudgery ' (cited by Bose 1965 94) Gandhi's main concern was not the industrial worker, however, but the peasant He evidently hoped to avoid the destructive effects of capitalist industrial development on India's majority, the peasants.

'In this structure composed of innumerable villages, there will be ever widening, never ascending circles. Life will not be a pyramid with the apex sustained from the bottom. But it will be an oceanic circle whose centre will be the individual...'

Gandhi's humanist vision of India's future, including his sharp critique of alienation, is summed up in the following statement made in 1946, two years before his assissination.

'Independence must begin at the bottom. Thus, every village will be a republic or *panchayat* having full powers... In this structure composed of innumerable villages, there will be ever widening, never ascending circles. Life will not be a pyramid with the apex sustained from the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the village, the latter ready to perish for the circle of villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance but ever humble, sharing the majesty of the oceanic circle of which they are integral units.' (cited by William Borman, *Gandhi and Non-Violence*, Albany. Suny Press. 1968, p 360).

When the American journalist Louis Fischer, hearing such ideas, remarked to Gandhi that that is very much like the Soviet system, Gandhi replied: 'I did

not know that. I don't mind.' (Louis Fischer (ed) *The Essential Gandhi*, New York: Vintage, 1962, p 293).

While we cannot know what Gandhi's view would have been of the problems which post-independence India has faced since his death one thing should be noted, a fact which distinguished Gandhi from other Third World independence leaders of the period He was remarkable for his refusal to take any formal leadership positions, either in the Congress Party, or in the new Indian state Some twenty-five years ago a Marxist humanist writer singled out the uniqueness of this rejection by Gandhi of party and state positions (Dunayevskaya 1962) This rejection of the centralised state and the single party is a major if implicit part of his vision of a *panchayat* republic based in the villages.

Several of these features of Gandhianism discussed above continue to influence movements for social change today For example, principles of non violence and civil disobedience, often rooted at least implicitly in his concept of *satyagraha*, have continued to inspire social movements the world over in the past two decades, including such large scale ones as the anti-nuclear and Green movements, the toppling of statist communism in Czechoslovakia in 1989, and the resistance by the Albanian population of Kosovo to Serbian ethnic persecution Gandhi's radical rejection of industrial civilisation has also influenced ecological and counter cultural movements the world over At the same time, however, the overall retrogressive and conservative character of global politics in the 1990s, with the reassertion of the brutal rule of the world capitalist market and the intensification of racial and ethnic chauvinism in many parts of the globe has, in recent years, pushed aside some of the more radical and thorough-going aspects of Gandhi's critique of modern society

MARXIAN HUMANISM

As is well known, beginning in 1844, Marx developed a concept of alienated labour. Four years later, in the *Communist Manifesto*, he once again described the worker under capitalism as reduced to "an appendage of the machine" where the labour process itself had robbed the workers of all individuality and humanity This was hardly a view found only in the young Marx. It was worked out further and deepened in *Capital*, where the stress is also on the positive overcoming of this reification.

One problem with regard to non-Western societies, particularly in some of Marx's early writings, is that he seems to celebrate uncritically Western colonialism's penetration into Asia. For example, in the *Communist Manifesto* he extols the way in which, as he puts it, "the bourgeoisie...draws all, even the most barbarian, nations into civilisation." The global advance of capitalism "batters down all Chinese walls" and comes to dominate the world, making "barbarian and semi-barbarian countries dependent on the civilised ones " (Marx and Engels 1848: 225). This has led both liberal theorists and more recent writers in the post-colonial tradition to attack Marx as a fundamentally Euro-centric thinker. Such critics usually fail to mention that by 1856-57, Marx had reversed these earlier positions, firmly opposing Britain's Second Opium War against China and supporting equally firmly the sepoy rebellion in India.

A second type of problem in this regard is found in the preface to the first edition of *Capital* in 1867, where Marx writes: 'The country that is more developed industrially only shows, to the less developed, the image of its own future ' (K Marx, *Capital* Vol I, London: Penguin 1976, p 91) ' Many have argued that Marx is here suggesting that the capitalist phase is inevitable for all societies (Shanin 1983), even though the context of the passage suggests that he is specifically comparing England to Germany, not launching a general theory of global development. The postmodernist Jean-François Lyotard and others have gone further, attacking Marx for espousing a hegemonic "grand narrative" in which all particularities and all differences are absorbed by a totalising concept of human history and development. But is Marx really the type of technological and historical determinist some have seen him to be? I believe that the answer is a definite no, especially with regard to his last writings during 1873-1883.

It is important to view the whole corpus of his late writings, among the most extensive of which are his 1880-82 *Ethnological Notebooks*, a study of anthropological data on India, Australia, Hawaii, and Native Americans, as well as other notebooks, still unpublished, on Java. With the exception of Raya Dunayevskaya, who also links these writings to gender issues, few contemporary thinkers have viewed these writings as a vantage point for today. In addition to composing the *Ethnological Notebooks*, Marx in his last years researched and wrote about the traditional Russian *mir*, a self-governing village structure with a primitive communist form. In 1877 Marx pointed to the fading but still real possibility of a non-capitalist road for Russia, writing that 'if Russia continues along the path it has followed since 1861, it will lose the finest chance ever offered by history

to a people and undergo all the fateful vicissitudes of the capitalist regime (Thodor Shanin, *Marx and Russian Road*, New York: Monthly Review Press 1983, p135). Here and elsewhere in his late writings, Marx, far from espousing a grand narrative, suggests that Western style industrialisation is not the only path open to non-capitalist lands such as Russia. Of course, Marx called for world revolution, including inside the village commune, while Gandhi favoured evolutionary transformation, stopping short of a call for the total uprooting of the caste system, for example. Nor did Gandhi emphasise the importance of link between the struggles of peasants in developing societies and that of workers in industrially developed ones.

Marx called for world revolution, including inside the village commune, while Gandhi favoured evolutionary transformation, stopping short of a call for the total uprooting of the caste system.

While Gandhi talked of putting his ideas into practice in the villages of India, Marx's claim was different: that the workers and the other revolutionary groups were in the process of creating such a new society themselves. Marx's revolutionary ideas could deepen and clarify their struggle, give it a total vision, but his role was not so much that of initiator. It is not that Gandhi was elitist, but rather that he did not base his vision of the new society on a concrete analysis of the mass creativity of the movement of the oppressed. This made Gandhi's *panchayat* republic somewhat of an abstract universal, as against Marx's more concretely developed vision of a new society.

An example of Marx's concreteness in this regard can be seen in his discussion of the Paris Commune of 1871. There, he writes of the new society which the Parisian workers created. As Dunayevskaya stresses, summing up Marx's position:

'What was new was that the Commune, by releasing labour from the confines of value production, showed how people associated freely without the despotism of capital or the mediation of things. Contrast the expansiveness of that movement with the mutilation of labour under capitalism, which robs the workers of all individuality and reduces them merely to a component of labour in general.' (Raya Dunayevskaya, *The Raya Dunayevskaya Collection*, Detroit: Wayne State University Archives, p101)

Marx in his discussion of the Commune gets very specific about its form of organisation, posing it as an alternative to capitalist concepts of democracy. Where Gandhi's critique of the nationalist party is implicit in his failure to assume any leadership post, Marx's critique of elitist forms of organisation, including even some socialist ones, is more explicit. This is especially true of his *Critique of the Gotha Program* (1875), where rival socialists in Germany are accused of statism, and ties to the concept of the nation state.

IMPLICATIONS FOR TODAY

As the century closes, we live under an increasingly globalised capitalism, which seems to conquer all before it. The collapse not only of Stalinist communism, but also the sharp decline of the worldwide labour movement as well as of the anti-Stalinist left, has meant that there are fewer and fewer obstacles to the deeper penetration of the world market into all corners of the globe and all sectors of social life. There are, of course, exceptions, whether in the labour unrest gripping Western Europe since 1995, or the revolt of indigenous peasants in Chiapas, Mexico since 1994. However, when mass opposition to globalised capitalism, or even anxiety about its effects comes to the fore today, too often it takes on a retrogressive, even reactionary form as in Iran, Algeria, Rwanda, or the former Yugoslavia In the US the biggest mass gatherings in Washington in recent years have not been radical protests by left or progressive groups, but outpourings of a quite different kind: 1) the anti-feminist and religious fundamentalist Promise Keepers rally last fall, and 2) the narrowly nationalist and anti feminist Million Man March of 1995, led by Louis Farrakhan.

In radical political and social theory, hard-nosed and sometimes cynical post-structuralist and post-modernist perspectives have been dominant in recent years To be sure, there are many ways in which these theories have pointed astutely to heretofore hidden issues in ethnicity, gender, or sexual identity. However, one does not have to accept entirely the stinging critiques of them by Aijaz Ahmad and some others to note their often bleak anti-humanism. This anti-humanism not only reflects the times, but also helps to shape them. It is here, I believe, that both Gandhi and Marx can help us to reopen political and philosophical space in which to challenge the existing state of affairs

Gandhi's writings suggest that a humanist commitment to non-violence which includes not only the absence of war, but also that of all forms of coercion and oppression, can help to change or alter in a progressive manner our basic social relationships. Gandhi's underlying humanist outlook was exemplified by his explicit critique of all forms of ethnic and religious chauvinism including especially among dominant groups a stance which cost him his life. Much of this is equally timely today.

Gandhi's underlying humanist outlook was exemplified by his explicit critique of all forms of ethnic and religious chauvinism including, especially among dominant groups, a stance which cost him his life. Much of this is equally timely today.

Marx's work offers not only a complex critique of a form of society which, even in his own day, was already embarked on globalisation but it also develops a vision of a new society in which freely associated human beings control both their political and their economic life, breaking forever with the logic of the capitalist market and capitalist production. Marx's notion of internationalism, coupled with his deep sensitivity to the historical circumstances of each particular human society which he studied, points to ways in which oppressed groups can unite across national boundaries to form a coherent opposition to global capitalism, but without giving up their singularity. In this sense, that of what his mentor Hegel once called 'an individuality purified of all that interferes with its universalism, ie, freedom itself' (cited in Dunayevskaya 1958, p.39), Marx's thought is also timely. However, after the often tragic experience of Marxism in power in this century, it must be stated openly that Marx's thought needs to be separated, in a mercilessly radical fashion, from the stultifying, brutal and totalitarian forms into which it has been disfigured.

M K Gandhi — Man Of The Century

Gandhi and His Relevance to the World

VASANT KUMAR BAWA

'I do not want my house to be walled in on all sides and my windows to be stuffed. I want the cultures of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any. I refuse to live in other people's houses as an interloper, a beggar or a slave'. (*Young India*, [illegible] 6, 1921, p 170).

Introduction

Although he never held any official position, Mohandas Karamchand Gandhi is considered a major political figure of the twentieth century. People from all parts of the world have been influenced by his concept of non-violent revolution. Born on October 2, 1869 in Porbander, Gujarat, the son of the Dewan (prime minister) of a small Indian State ruled by a Maharaja. Mohandas showed little promise as a youth. From 1888 till 1891, he studied law in London, and qualified for the bar. Two years after his return to India, Gandhi went to South Africa to assist in a suit filed by a Muslim businessman. His stay

capable of self-control who observes the rules of morality, does not cheat or ve up truth, and does his duty to his parents, wife and children, servants and ighbours... A state enjoys *swaraj* if it can boast of a large number of such good izens.'

Gandhi felt that 'Europeans pounce upon new territories like crows upon iece of meat. I am inclined to think that this is due to their mass-production tories ' He went on to say, 'India must indeed have *swaraj* but she must have by righteous methods ..Real *swaraj*. .cannot be attained by... violence or lustrialization...If every Indian sticks to truth, *swaraj* will come to us of its own 'ord.'

During a visit to Rome in 1933, Gandhi met Mussolini, but they did not ve kindred spirits On the other hand, he was deeply moved at the status of crucified Christ in the Sistine Chapel, feeling that the way of the Cross was only way for a country like India While leaving Rome, he said that the cist regime was building a house of cards Romain Rolland reported that the man bourgeoisie and nationalists "quivered with rage" when he left, as he ke "unequivocally" on the double questions of national armaments and the flict between capital and labour

In 1938, he called the Jews the untouchables of Christianity, but rejected the ument that there should be a homeland for the Jews They must be well ited wherever they are Jews must be prepared for "voluntary suffering", n if it led to a general massacre of the Jews by Hitler Evidently thinking of parallel of the Indian *satyagraha* campaign in South Africa he recommended l resistance by Jews claiming Germany as their home (Tendulkar, *Mahatma* IV, p 311).

In spite of his strong differences with the British, Gandhi expressed his basic ction for England, and his anguish at the damage to London in the air raids e Second World War 'I do not want England to be defeated or humiliated rts me to find the St Paul's Cathedral damaged . It is not because I love the ish nation or hate the German I do not think the Germans as a nation are worse...I cannot claim any superiority for the Indians We have the same ies and the same vices; I can keep India intact and its freedom also intact only ave goodwill towards the whole of the human family . What is India in the world or the universe?' (Tendulkar, *Mahatma*, Vol V, 1938-40, p322) r during World War II he criticized the British bombing of civilian targets

in Germany 'Why destroy German homes and German civilian life?... I hear the living Christ saying "These so-called children of mine know not what they are doing."' (Tendulkar, Vol V, p 337)

When the Viceroy declared war against Germany on behalf of India in September 1939, Gandhi and the Congress objected strongly, as the British had committed themselves to self-government for India. Individual *satyagraha* began in 1940. The Cripps mission of 1942 brought an offer of self-government for India after the war, subject to Indian support being given to the British war effort. Gandhi declared it a 'post-dated cheque', and agreed to support the war effort provided power was handed over immediately to an independent Indian government. Gandhi argued that this would give China and Russia a boost, as the Indian people would actively support their liberation. He thus differed with Subhas Chandra Bose, a Congress leader who had set up the Indian National Army to take part in the Japanese campaign in Burma; the INA had raised its flag in the eastern part of India.

In spite of his strong differences with the British, Gandhi expressed his basic affection for England, and his anguish at the damage to London in the air raids in the Second World War: 'I do not want England to be defeated or humiliated. It hurts me to find St Paul's Cathedral damaged....'

Asked whether his proposal would not lead to anarchic conditions in the country, Gandhi replied that for 22 years he had waited for the country to develop the non-violent strength necessary to throw off the foreigners' yoke. 'I feel that if I continue to wait I have to wait till doomsday.' The August 8 Bombay Resolution of the All-India Congress Committee led to the arrest of top Congress leaders, including Gandhi himself, and violent attacks on British rule. The American journalist Louis Fischer felt that the arrest of Gandhi precipitated the unrest. Gandhi would have controlled the violence. He felt that if Britain had granted independence between 1942 and 1944, it would have prevented the breakdown of law and order which occurred in 1946–48. A major reason for the confrontation was Churchill's suspicion of Gandhi's motives, and the British reluctance to allow independence without partition and a strong Indian states presence in the sub-

continent. Thus the British hoped to influence, if not control, the subcontinent from outside.

When atom bombs, with their capacity to destroy entire cities, were dropped on Hiroshima and Nagasaki, Gandhi's reaction was unequivocal, 'I regard the employment of the atom bomb for the wholesale destruction of men, women, and children as the most diabolical use of science.' He however argued that it could not destroy non-violence, it was clear to him that 'unless the world now adopts non-violence, it will spell certain suicide for mankind.' In February 1946 he said, 'I am not afraid of the atom bomb and the victory won thereby.' While the bombs could cause injury they could not kill their soul. Once they had the determination that they could not be conquered by violence, victory was theirs for a moral protest against evil was itself a victory (*Collected Works*, Vol 83, pp 57-58). In May he said, 'The atom bomb has not stopped violence. People's hearts are full of it and preparation for a third world war may even be said to be going on.' (*Collected Works*, Vol 83, pp 57-58)

When atom bombs, with their capacity to destroy entire cities, were dropped on Hiroshima and Nagasaki, Gandhi's reaction was unequivocal, 'I regard the employment of the atom bomb as the most diabolical use of science.'

In July that year, replying to American friends who suggested that the atom bomb would bring in *ahimsa* (non-violence) as nothing else could, Gandhi made the prophetic statement that, on the contrary, 'Its destructive power will so disgust the world that it will turn away from them, only to return with redoubled zeal after the effect of nausea is well over. Precisely in the same manner will the world return to violence with renewed zeal after the effect of disgust is worn out'. He continued, 'The atom bomb will not be destroyed by counter-bombs. Hatred can be overcome only by love.' (*Collected Works*, Vol 84, pp 127, 393) Two or three days before his death he told Vincent Sheean that the atom bomb may have ended the war, but it had not conquered the Japanese spirit or crushed Germany as a nation. This could be done only by resorting to Hitler's method,

and if this were done 'in the end it will be Hitlerism that will have triumphed.' (*Collected Works*, Vol 90, p 511)

Speaking to Egyptian delegates to the Asian Relations Conference on April 4, 1947, he expressed the view that India should follow a policy of non-violence, although he felt that it might 'tend towards some kind of mild war policy ' He expressed his confidence that 'my heir Jawaharlal Nehru' (whom he called a *jawahar* or jewel) would see that India and Asia become the light of the world', though he himself would not be alive to see it (*Collected Works*, Vol 87 p 198-99)

When independence came to India and Pakistan on the midnight of August 14-15, 1947, Gandhi stayed away from the Indian capital of New Delhi He had always opposed the decision to partition India, but found himself unable to influence the decisions of his closest followers, Nehru and Patel, in this regard During the next six months, he spoke on several occasions at his prayer meetings and elsewhere on Indo-Pakistan relations, on the Kashmir question on the protection of minorities in the two countries, and related questions The thrust of his remarks was invariably on the need for the two countries to settle their disputes peacefully, to protect the members of the minority communities in their respective countries, and to work towards peace and harmony in the world. He accepted the accession of Jammu and Kashmir to India, because the popular leader Skeikh Abdullah had endorsed it, but was unhappy at the referral of the Indo-Pakistan dispute over the state to the United Nations, which he thought would perpetuate the conflict Even after this, he wanted the two countries to settle the dispute amicably, forcing the United Nations to agree to the joint proposal (*Collected Works*, Vol 90, p 356- 358). However, he realized that his influence over the leaders of the two countries was limited. He gave up his old desire to live for 125 years, and repeatedly expressed his willingness to die in the conflagration that was engulfing India. His last fast was undertaken with the object of persuading his own followers, the prime minister and home minister of India, to release Rs 55 crores to the Pakistan government. The amount was due to Pakistan from India, but had been withheld due to Pakistan's aggression in Kashmir. The government issued a communiqué on January 16, accepting the Mahatma's request, in supersession of Sardar Patel's statement to the press four days earlier. (*Collected Works*, Vol 90, p 550-556).

The British often accused Gandhi of using the fast (hunger-strike) as a form of moral coercion. Yet his doctrine of non-violence succeeded partially, because they shared some of his values. Unlike some modern Indian saints, he was comprehensible to, if not accepted by, the West. In South Africa he had been deeply influenced by Thoreau, Ruskin and Tolstoy. In his third letter to Tolstoy in August 1910, Gandhi referred to the establishment of Tolstoy Farm that May and sent copies of *Indian Opinion*. In his reply Tolstoy said that 'that the law of love must supersede the law of violence ...your activity in the Transvaal is the most essential work, the most important of all the work now being done in the world, wherein not only the nations of the Christians but of all the world will unavoidably take part.' Some years later, Romain Rolland made a perceptive analysis of Gandhi's ideas. Writing to a friend, he commented that 'if British violence ruins *satyagraha* then there is no other issue for human evolution but violence.'

In the 1930s, the world depression put liberal democracy on the defensive. Poverty and privation became commonplace in the West, and Gandhi's dramatisation of the poverty of India struck a chord.

In the 1930s, the world depression put liberal democracy on the defensive. Poverty and privation became commonplace in the West, and Gandhi's dramatization of the poverty of India struck a chord. The symbols he used like the making of salt during the Dandi salt march, the loin cloth and the Gandhi cap (which evolved from the prison cap he wore in South Africa), the spinning wheel (dramatizing the need for a self-sustaining economy, oriented to the poor), and the goat whose milk he drank, captured the public imagination. Photographs and cartoons of Gandhi appeared all over the world. In spite of Winston Churchill's annoyance at the 'half naked fakir walking up the steps of the Viceregal Palace,' people wrote to him from remote parts of the world and came to listen and talk to him. Among these were Afro-Americans. In 1936, replying to a query by Dr Thurman, the Head of an American Negro delegation, as to whether the South African Negroes had joined his movement there, Gandhi said that he purposely did not invite them to join the movement as 'it would have endangered their cause. They would not have understood the

technique of our struggle, nor could they have seen the purpose or the utility of non-violence.' (*Tendulkar*, Vol IV, p46.) This was not a racist attitude; he was aghast at finding that so-called Christians had lacerated Zulus with stripes, but did not feel the cultural affinity which was a prerequisite for involving them in his movement. (*Tendulkar*, Vol V, p 6).

Leaders of the African National Congress, founded in 1912, had worked jointly with the South African Indian Congress, founded earlier by Gandhi, to carry on peaceful protests against racial injustice and oppression. The peaceful protest movements of Dr Martin Luther King against racial discrimination in the United States, and of Archbishop Desmond Tutu against the racist South African regime drew inspiration from Gandhi's ideas. Participants in other revolutions, from the Nicaraguan Sandinista revolt against the dictatorship of Somoza in 1979, to the movement of Vlacek Havel and others against the Communist regime in Czechoslovakia a few years later, acknowledged their debt to Mahatma Gandhi. As in the Indian struggle against the British, Gandhi's ideas were only partially applied, since his economic, religious and social ideas were less acceptable than his technique of non-violent protest.

CONCLUSION

At the turn of this century, what lessons can we learn from Gandhi? How relevant is he to a world in which industrialization, globalisation and violence have become all pervasive? What legacy has he left?

Much of what he has said or written may seem outmoded today. But then, who is not dated after 50 or hundred years. All thinkers and men of action -- howsoever far sighted they may be -- invariably loose relevance in an age to which they do not belong.

There are, however, two legacies, for which he may be remembered well beyond the twentieth century. One is clearly the inexorable industrialization of societies over which mankind apparently has no control. Though Gandhi could have hardly even imagined the industrial and post-industrial evolution of the global system, his views on the horrendous consequences of this evolution do make sense. 'God forbid', he wrote, 'that India should ever take to industrialism after the manner of the West. The economic imperialism of a single tiny island

(England) is keeping the world in chains If an entire nation of three hundred million took to similar exploitation, it would strip the world like locusts' (*Harijan* 28/1/1939).

The second legacy is his theory of non-violence Though this was a way of life for him, the utilization of the Gandhian technique of non-violence by many others to achieve goals is pertinent In the midst of all the violence we are living, there are many in this world who are using it as an effective and civilized way of achieving normative goals in a civil society For this he *will be remembered*

M K Gandhi — Man Of The Century

Gandhi: The Realistic Politician

Johan Galtung

Gandhi is often portrayed as an "idealist", particularly by "realists" who hold force to be the ultimate mover in international relations, and in politics in general. But if we use the term "idealist", not for abstention from violence, but for being driven by an idea, then this would fit the realist, and also quite a lot of idealists in the first sense.

But it does not fit Gandhi. His mind and actions were far too complex, holistic and woven into a complex Indian reality. Rather, the "realists" are in a tough spot having only one remedy for a vast variety of problems: seek and destroy. They also have a tendency to disregard the two iron laws of violence, so the victors will be stimulated to seek more victories, while the vanquished will be spurred to seek revenge. Admittedly, these processes may take time, making violence the approach of the short-sighted who are out for quick applause.

Consider those two political amateurs at work: Lord Mountbatten, India's last Viceroy, and Sir Cyril Radcliffe. Consider how Mountbatten urged Radcliffe to move the partition line so that the favourite, India, could have easy

access to Kashimr. We know what happened. We know Gandhi's stand against partition. He lost, Mountbatten won. Similarly we were treated to the same sorry sight in Israel-Palestine relations: after an enormous amount of patient non-violent work on both sides (and here I include the *intifada*, who were by Middle East standards very soft) amateur politicians took over, building realism and spheres of interest into the discussions via the "Oslo process". And with what result?

Fortunately, the English language makes a distinction between being a "realist" and being "realistic". Maybe realism is its dark side and idealism its bright side. Gandhi certainly privileged the "nonviolence of the brave" over and above violence. But he also rated violence over the "non violence of the coward", doing nothing, sitting on the fence, waiting, probably the kind of "non-violence" that gives rise to the misnomer "passive resistance" (probably invented by some "realist") Even a very cursory glance at Gandhi's masterpiece — a book destined to become a saving grace for this century his autobiography, *My Experiments With Truth*, shows clearly that his resistance was rather active.

Look at Gandhi's life and his political agenda

- Struggle against racism, in South Africa
- Struggle for independence, *swaraj*
- Struggle against the caste system, for the *harijans*
- Struggle agaisnt economic exploitation, for *sarvodaya*
- Struggle against communal strife between Hindus and Muslims
- Struggle against sexism, for liberation of women
- Struggle for non-violent ways of struggling, *satyagraha*

Of the eight fault-lines in human construction, between humans and nature, between genders, between generation, between races, between castes and classes, between nations, between countries, Gandhi picked up six Had he lived longer he would have definitely become an ardent environmentalist, in fact, in his action he was one -- probably also in his thoughts — only his speech was less explicit. He did not really touch generational divides He was a good Hindu in that regard, honouring the *moksha* phase in this life, maybe also in his own

Gandhi is a modern, even a post-modern politician His is not the usual compartmentalisation of politics in race issues, anti-colonialism, anti-caste, anti-class, communal harmony, or gender equality. His vision speaks through his life's work: unity of humans — a human quality he endowed to those who had

been deprived of that stamp, ie, Indians in South Africa, the subjects of British colonialism, the untouchables, the *shudras*, those on the other side of the communal fence, the women. It should be noted that in the first two instances he also fights for himself, indeed identifying with his clients, as an Indian in South Africa, and as a British colonial subject. And then he spreads out, covering the field, thus in a sense working against himself, against the well positioned politically and economically, and against the Hindu.

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Of course this became too much, for some, in particular for Godse, what a miracle that the Master was given 78 years to teach and inspire us all. That in itself is a testimony to the strength of his nonviolence, in spite of the bullet that killed him in the end.

Godse's message was clear. India will be a better place without Gandhi. Godse wanted the same India as many others: modern, industrial, armed India, capable of military action at the end. The military even co-opted Gandhi's funeral procession. What a sacrilege, what a crime. Gandhi's message in his martyrdom was also clear here, he must have ruminated, I failed, my nonviolence did not touch Godse's heart. The rest of us may also draw another conclusion: his basic struggle was that uphill fight for a new way of struggling, his *satyagraha*.

Before looking at what happened to *satyagraha* after Gandhi, let us focus on one rather important point. Gandhi empowered the common man and woman in a dramatically inegalitarian society, ridden by caste and class, and in a dramatically inegalitarian world ridden by colonialism. Somehow, that highly realistic politician plus saint found the key button to push for the "dismantlement" of colonialism, with India gone on August 15, 1947 the British Empire was finished, the rest were some spasms of reactionary nostalgia. With British imperialism gone, Western colonialism was finished, the rest, till Portugal finally gave in, can be characterised the same way.

Of course, there were residues. One of them, Hong Kong, was "handed over" on July 1, 1997, close to 50 years after *swaraj*. Prince Charles lost the opportunity for England, the West, to display the greatness of reflection by

extending a word of sincere apology for the horrors of British imperialism in China, including drugging a whole nation. That apology would have brought not only applause and gratitude, but good trade deals; but it never came.

To stand up for the common country and the common man and woman makes a person a saint. But it does not create followers among those who see themselves as (much) more common than others. Maybe we can say that after Gandhi's death India came back to normal. It is very hard to find any trace of Gandhism in Indian foreign policy. What can be found is a ritualistic admiration of the memory of the great man through numerous institutes of Gandhian studies, adding little or nothing to the theory and practice of non-violence, and not that much to our knowledge of Gandhi either. He remains his own best biographer.

Gandhi's *swaraj* campaign weakened Britain. But Britain was also weakened by World War II and the contradiction in fighting autocracy, yet hanging on to colonialism. Gandhi's action sharpened that contradiction.

GANDHI BELONGS TO THE WORLD

But his greatness is not to be judged by his reception in his home country after he had delivered *swaraj* and became the Father of the Nation. Gandhi belongs to the world, as evidenced by the successes of non-violence in the second half of this very violent century.

- Gandhi's *swaraj* campaign weakened Britain. But Britain was also weakened by World War II and the contradiction in fighting autocracy, yet hanging on to colonialism. Gandhi's action sharpened that contradiction.
- Martin Luther King's campaign in the US south ended official segregation. But unofficial segregation remains, an argument why non-violence is a process, not a single-shot event.
- Basically the Vietnamese won a violent war, but non-violence in the United States probably weakened the resolve on the US side.
- The Argentinean Buenos Aires Plaza de Mayo mothers against the military. Since it was essentially leaderless the peace prize was given to an outstanding man instead (Alfonso de Esquivel).

- The "People's Power" movement in the Philippines was probably more middle class than a movement of, for, and by, the really oppressed; if it had continued, it would have had some visible effects.
- The children's power movement in South Africa added the moral impact of economic sanctions, divestment, and the positive example of Zimbabwe.
- The *intifada* movement in occupied Palestine. Though the action repertory of the movement included throwing stones; by regional standards this is also non-violent.
- The Democracy movement in Beijing. Major violence was used by government forces in June 1984, but it was probably against workers' trade union movement rather than against the non-violent and student democracy movement.
- The *Solidarnosc* and East German mass migration movements ended the cold war. The fact that violence was used in Romania does not make the actions in Poland and East Germany less nonviolent. In Hungary the transformation was a conventional, slow political change, and transformations in Czechoslovakia, Bulgaria – not to mention the Soviet Union – can probably best be seen as domino effects from East Germany and Poland.

To write the history of this violent century without also exploring its non-violence is to malign the century even further. Such negligence reveals considerable ideological bias and intellectual incompetence, widespread in security studies.

MECHANISMS BEHIND NON-VIOLENCE

The ten basic mechanisms behind non-violence were:

1. The threat of direct violence or of structural violence is intolerable to major groups in the country.
2. A constructive alternative has been formulated and communicated to others in speech, writing, demonstrations, etc.
3. There is a clear and present danger that violence of some kind will be used if active non-violence is not practised; in other words, a real risk to Self is involved.

4. The commitment to non-violence is clear, applying not only to action, but also to speech, and, if possible, to thought.
5. There are Self-to-Other acts of friendliness, love.
6. Non-violent action then serves to communicate, to Other and outsiders, that Self will never surrender to oppression, and is willing to face the consequences. It wants a positive relation.
7. Dissociation (non-cooperation and civil disobedience) from Other, the oppressor, and association with Other, the person, may then change the mind — and even the heart — of Other.
8. If the oppressor uses violence to counter non-violence, then demoralisation of Other facing the consequences of his violence on non-violent resisters may serve to change his mind.
9. If Other uses long distance violence, including economic boycott, to avoid facing the consequences, then outside parties must be mobilised to make the consequences clear to him.
10. If the socio-psychological distance, Self-Other, is based on Other dehumanising Self, then non-violence may have to include outsiders in a Great Chain of Non-violence. Some of the intermediaries will share many social characteristics with the oppressed, others will be socially closer to the oppressors. Gandhi mediated the non-violence of the masses to their rulers.

Uppermost in the mind should be the three basic concerns of non-violent action: that action is to be directed against the bad relation between Self and Other, not against Other as such, that action should build love rather than hatred, and peaceful rather than violent behaviour, and that Other is at all times invited to share this enriching experience — including assurances to Other that there is space for him in future in society. The point is to behave in such a way that the conflict becomes transformed upwards. The parties should emerge from the conflict not only with better social relations but also as better persons than they were before, and better equipped to take on new conflicts non-violently. Those inclined to violence yesterday or today may thus become the mediators of tomorrow.

Of course this does not always work. Self may have the first six points under control, but then the Other may fail to respond as hoped for in the next four points. One possibility is to try again; another is capitulation, which should never be viewed as permanent. To accept violence is itself violence.

Gandhians would emphasise the role of greater purification of Self for conflict transformation to take place. This theory has the advantage of placing the burden on one-Self and on something one can do (eg, meditation), and the additional advantage of being non-falsifiable ("If there has been no change of heart in Other, you need more Self-purification.")

This factor should certainly not be excluded, as non violence so obviously does work spiritually, from spirit to spirit. But that need not exclude political work on, and with, outside parties. In mechanisms 9) and 10) mentioned above, they are crucial.

The parties should emerge from the conflict not only with better social relations but also as better persons than they were before, and better equipped to take on new conflicts non-violently.

At any rate, let nobody claim that there are conflicts — no matter how internalised the hatred, how institutionalised the violent behaviour, and how intractable the contradiction — that cannot be transformed through non-violence. I am not saying non-violence always works. There is no panacea hypothesis. What I am arguing is that many oppressed groups might have come much further towards autonomy had they used non-violence.

The hypothesis that violence never works can be advanced for a number of reasons. First, there are the number of people killed and bereaved by violence; there are a number of people traumatised in body, mind and spirit; the physical damage to human habitat and nature is substantial. Most of this harm is irreversible. And these are only the visible effects of violence, ignoring basic side effects like mainstream economists excluding externalities of economic action. Only by ignoring this vital point can the prophets of violence reach a positive conclusion as to the use of violence.

Second, if violence leads to change in Self-Other relations, then this is done by incapacitating Other. But an enforced outcome is not sustainable because it is not accepted; and is unacceptable because a defeated Other is no longer Other.

Third, there has been no positive transformation in Self, but even a negative transformation since a victory may trigger an addiction to violence, and lead to more violence next time.

Fourth, there has been no positive transformation of Other, but possibly a negative transformation since that defeat may also trigger an addiction to

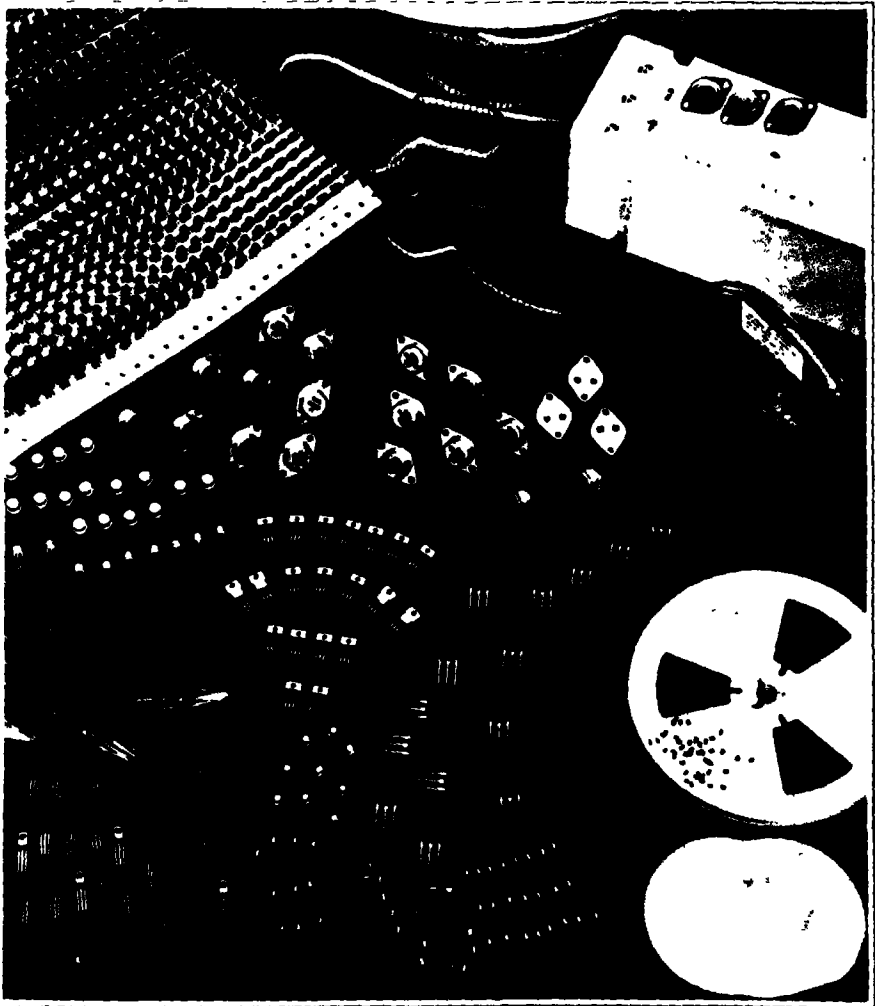
violence and lead to revenge, one barrier having been removed by having been the object of violence so that there is no danger of incurring a moral deficit.

Hence the conclusion: Gandhi was much more realistic.

And yet all that has just been said about non-violence, the cases and the underlying assumptions, would today have been unthinkable without that Indian gift to humanity. His language, here softly translated for people of our times and maybe with social science inclinations, was spiritual, very far from the materialism and behaviourism of the "Skinner box", conditioning pigeons through the administration of shocks and sugar (translation: bombing and trade/aid). Maybe Gandhi simply had much more respect for human beings, and with that respect also made them worthy of his respect.

One thing is certain: non-violence as a key component in conflict transformation has come to stay. The main obstacle in the experience of this author is a macho/warrior logic defining violence as the male and heroic/courageous thing to do, seeing non-violence as female.

One thing is certain: non-violence as a key component in conflict transformation has come to stay. The main obstacle in the experience of this author is a macho/warrior logic defining violence as the male and heroic/courageous thing to do, seeing non-violence as female. We are in the centre of feminist critique of politics saying this, they have said it better than most. I remember being called as a mediator between Kurdish factions to the place used by the French presidency, Rambouillet Castle outside Paris, July 1994. The factions had been killing each other. But 200 Kurdish women had managed non-violently to bring about a ceasefire. I urged them to bring these women into the process, and by that suggestion managed to unify them. But men countered, "We should fight like women? Imagine if Kurdish women won with such non-violence, what would then happen to us? We should live under the yoke of women leaders for the rest of our lives?"

I think this is where the debate is mainly located, not about efficacy. Gandhi knew that, to him women were the best *satyagrahis*. Also in that sense was he more modern than our tradition driven politicians. And much, much more realistic. ■

Shifting Patterns In The New World Order

The collapse of the USSR and the end of the cold war have shattered the international system as it had existed since World War II. We have now entered a new stage of development. Every country — big and small — is in search of its own place in the new international setting, a search for, not only a new foreign policy, but for a more fundamental change in the very strategy of development

FELIX N YURLOV

The end of the cold war leaves us with no choice but to reconsider many old values of international and domestic development This is relevant not only for the "loser" in the war but for the "winners" as well. Today the whole picture is far from clear and any talk about the end of history is a bit too far-fetched

In the new political environment where the struggle between the two systems — capitalist and socialist — has been relegated to history, real problems facing the world begin to emerge in their genuine garb No more are they distorted and deformed by the ideological struggle of the two superpowers. Though they are the same old problems of freedom, democracy, equality and inequality, poverty and abundance, social justice, the role of the state in a market economy, etc. — they appear in a more undisguised form than was the case before.

After the downfall of the USSR, the former socialist countries dreamt of a miraculous establishment of a "society of abundance" But this idea has

not worked, even in the framework of Western values, to say nothing of the poorer countries. More so when a very substantial part of the population of the planet lives in poverty and deprivation. Therefore "the society of abundance" idea is not the road to stability, but rather to destabilisation, not to peace, but to conflicts.

Moreover, now the West has to face problems of self-restriction on the basis of certain moral values, otherwise the very survival of the Western society may itself be questioned. As for Russia, attempts to introduce economic and political reforms, following the model of liberal democracy in its crude and vulgar form, have brought enormous hardships to the people. It is difficult to say now in what direction and how the process will evolve. However, it is obvious that this process may drag on for decades, with unpredictable results.

Some scholars and politicians, using the experience of new industrial states in South-East Asia, argue that market economy should come first, irrespective of the political system, even if it is an authoritarian one. They seem to be convinced that market pluralism will inevitably trickle down to the political system, and ultimately bring democracy.

Reforms in Russia, in other former socialist countries, as well as in the third world have raised a number of fundamental questions. What should come first — market or democracy? How fast should it be built, should it be introduced by revolutionary methods as shock therapy (as in Russia), or should it be ushered in slowly and pragmatically? Will the market economy lead to some democracy or will it be democracy that will spawn a pluralistic system of markets and private property? What will be the function of the state? And so on and so forth.

Some scholars and politicians, using the experience of new industrial states in South-East Asia, argue that market economy should come first, irrespective of the political system, even if it is an authoritarian one. They seem to be convinced that market pluralism will inevitably trickle down to

the political system, and ultimately bring democracy, even in an authoritarian state.

But it is sufficiently clear that the market by itself cannot guarantee an "automatic" transition to democracy. Though some people say that such a transition will be assured by the democratic instincts of the middle class — the basic backbone of market and political democracy. The experiences of Germany under Hitler, Chile under Pinochet, and present day Russia do not provide sufficient testimony that business people, the "salt of the middle class", are averse to dictatorship or to various other forms of authoritarianism. As far as the intelligentsia, a segment of that middle class, is concerned, a substantial part of it devotedly serves the interests of those who pay, making no difference between a democrat or a dictator.

Such being the case, it is therefore important that the introduction of democracy should not be postponed till material problems are solved by market economy. Market first and democracy second may in fact delay the introduction of democracy indefinitely.

Russian experience shows that fundamental problems of democracy including human rights, social justice and social protection should be solved with the simultaneous introduction of market reforms and democratic transformation. The regulatory role of the state should also be part of this process. The latter is one of the most important questions in today's Russia. The destruction of a powerful economy built by the Soviet people during many decades, has resulted not in democracy and market abundance, but in a rapid constriction of the democratic right to work, to education, to health services, and to a life of dignity. If anything, it has resulted in criminalisation of society and the rampancy of corruption.

The present situation in Russia and in the countries of the CIS have amply shown that prescriptions of Western liberal democracy cannot be blindly applied to our conditions. Our cultural and historic traditions and realities are indeed so very different that we cannot imitate foreign models but have to take into account our own specific features. This is also valid for many countries of the third world. The collapse of the Soviet Union and dramatic global mutations, including in the realm of ideas concerning the

future development of mankind, have raised a fundamental question: what should we do? Which way should we go?

In spite of the plurality of ideas regarding developmental models in the post-cold war period most of them can be grouped into two sections. While the proponents of the first group are convinced that mankind will adopt the model of development proposed by the "winners" of the cold war, which is liberal democracy, the second group argues that many countries of the former second world and the third world will have to search for their own new ways of development, taking into account their cultural and civilisational peculiarities.

The present situation in Russia and in the countries of the CIS have amply shown that prescriptions of Western liberal democracy cannot be blindly applied to our conditions.

One of the ramifications of global development during the fifty years after World War II was a tremendous growth of social and economic inequality on the planet. The "golden billion" people, living mostly in the affluent countries of the North, are getting alienated from the majority of the five billion people in the developing world. The crucial question is, Will it be possible to ensure material prosperity and dignified life to this silent majority in the coming decades of the twenty-first century? If so, then what are the resources and how can they acquire them?

The answer to this fundamental question cannot be obtained by substituting the dogma of a socialist paradise by the dogma of the unlimited freedom of a market economy. The last few years have proved that we have to search for an answer from the history of both the developed and developing societies, and from the latest experiences of each and every country.

The destruction of the previous system of international relations has resulted in the strengthening of the positions of the Western states, "the winners" in the cold war. But this victorious euphoria is fast fading away. The new world order has still to emerge. It is sheer oversimplification to declare that the new order would be dominated by one ideology or a single

paradigm of development. One of the reasons why it cannot be so is the remarkable progress achieved by the former colonial countries. Their independent role in international relations is growing with every passing year The centre of the world economic and political activities is gradually shifting to the Asia Pacific region

In spite of the many challenges to Indian democracy, including poverty and illiteracy, India's present achievements give hope that in the not too distant future, it will be able to advance to a position of one of the major economic powers of the world.

Today more than ever before, the developing countries deserve the thorough attention of politicians and scholars, more so when we discuss issues relating to such giants as China and India India's experiment during the last fifty years is of special interest It has been trying to solve large-scale, complex problems within the framework of political democracy which is the most important element of modernisation of Indian society In spite of the many challenges to Indian democracy, including poverty and illiteracy, its present achievements give hope that in the not too distant future it will be able to advance to a position of one of the major economic powers of the world

During the 50 years of its independence, India has proved that its highest priorities are sovereignty and national interests, they form the basis of its domestic and foreign policy Like Russia, a polyethnic and multi religious country, with an ancient culture and traditions India is of considerable interest to us. The Indian experience is relevant to Russia as it is based on democratic development in a pluralistic society

India's present role in international relations, compounded with the inevitable growth of its influence in the world, as well as the tradition of a long-standing, mutually beneficial cooperation with Russia, forms a solid basis for a strategic partnership of the two countries, on the international arena.

As for Russia, it finds itself in a very complex situation. A deep and prolonged crisis has considerably weakened the country. The democratic modernisation of its structures is being hampered by an inadequate devel-

opment of the institutions of civil society, by weakness of its political structures, by a visible bias towards authoritarian methods of governance, by the emergence of a financial and industrial oligarchy, and by a massive impoverishment of its population

Russia's domestic problems are closely linked with the present weakening of its position and authority in the world. It has no choice but to reconsider its foreign policy. It must forge ties not only with the key countries of the West, but also with the East as well. A more articulated attempt to create a multipolar world should be one of the highest priorities on its political agenda

Russia cannot afford to limit its role to that of a regional power. Such a status would ultimately clash with its great resource potential and its geostrategic position Russia's revival depends in the first place on its inner ability to concentrate and work hard But this will not be possible to achieve without a broad cooperation with other countries of the West and the East.

The destruction of the bipolar system is a major factor influencing international relations We now live in a unipolar world headed by the United States, which is expected to manage and maintain the world order. But things are much more complicated Over the years, since the demise of the USSR it has become evident that the US cannot assert itself in this role, despite all the efforts made to seize world leadership.

The bipolar system of international relations, notwithstanding all its shortcomings, was of great importance for all countries, including the USSR and India The system worked well; the tasks and aims of each country were clear and well defined Their national interests were also clear-cut within this system However, we cannot return to the past We cannot revive the forces that have become defunct.

The actors are searching for a niche in the post-cold war process of international relations, and this concerns all countries, big and small. Following the collapse of totalitarianism, Russia needs to re- think the different ways and means of developing state and society — perhaps more than other countries Some scholars say that the downfall of the USSR left Russia with problems far greater than those faced by Great Britain, France, the Netherlands, Belgium and Portugal after the forced decolonisation of their impe-

rial domains. (Alvin Rubinstein, "Russia: In search of a New Role, *World Affairs*, April-June 1997, New Delhi, p 62-79).

The USSR of course was not an empire in that sense First, it had inherited the empire from the Tsarist regime Second, it was a unique empire with no real metropolis, where all the peoples lived together in one territory Third, the peoples moved and mixed freely which was proved by the fact that after the downfall of the USSR twenty-five million Russians found themselves as citizens (sometimes as non citizens, in the case of the Baltic states) of non-Russian states, and millions of non Russians live now in the Russian Federation In any case there is an element of truth in what was said before about Russia's problems It has lost considerable contiguous territory and a protective buffer zone about 15 per cent of its ethnic Russian population, a substantial part of its infrastructure, and economic links with outlying areas

The bipolar system of international relations, notwithstanding all its shortcomings, was of great importance for all countries, including the USSR and India. The system worked well; the tasks and aims of each country were clear and well-defined.

The idea that today mankind has no choice but to move towards a capitalist, consumer, liberal, democratic society was a reaction to the new situation that spawned after the disintegration of the Soviet Union This idea is supported by some people in Russia and elsewhere They came to the conclusion that the world accepts the legitimacy of liberal democracy since it had won a victory over the competing ideologies such as hereditary monarchy, fascism and communism They say that liberal democracy could become the final point of ideological evolution of mankind, the last pattern of human rule, and as such would represent the end of history

But this approach is flawed, it does not take into account the specific features of the developing countries and the former second world It does not give proper consideration to the most important questions facing the greater part of mankind – questions of hunger, poverty, disease, ecological degradation, social tension and so on.

After the collapse of the Soviet Union and the end of the cold war a new situation has been indeed created in the world. One can say now we live in an entirely new world But in this connection there are some important questions to be answered. What is really new in today's world compared to the old one? Was the old world, as a whole, completely dominated by the cold war? The answer is not very simple. The cold war was very much there, and it did influence politics and economies in the USSR, the USA and in other developed and developing countries.

But there is one very important difference For the Soviet Union, the USA and other developed countries, the cold war had become a way of living in the post-war period It dominated external and internal politics of those countries, sometimes exploding into a crisis, as was the case in Hungary in 1956, in Cuba in 1962, and Czechoslovakia in 1968.

However for the majority of the developing countries the post-war period had a different meaning For them it was essentially a post-colonial period, or a post-colonial revolution with their own ideas, their own aims and their own priorities Certainly, the former colonial countries were influenced by the cold war, and some of them benefited from their status as non aligned countries But basically their participation in the cold war was marginal

In the first place the cold war period witnessed a competition between the USA and the Soviet Union, which took place above the heads of their Western and East European allies Other areas of the world were also affected, but not to the same degree as Europe We can assume that the Korean war was part of the cold war, but the Vietnam war was different. The North Vietnamese were not fighting for the USSR or China, though both were doing a lot to help them The Vietnamese were fighting for their independence from France as well as to prevent the United States from replacing the French The Vietnam war was the last of the anticolonial wars in Asia It was a war for national independence The Americans did not realise it, and that is why they suffered a defeat

Finally, the cold war was a very important factor in post-World War II politics, but it was not an all embracing and penetrating phenomena. It did not play a decisive role in Asia, and for that matter in many other countries.

For the last 50 years Asia was propelled by its own dynamics. And the main source of Asia's new power was the liberation from the shackles of colonialism and the achievement of independence.

The Vietnamese were fighting for their independence from France as well as to prevent the United States from replacing the French. The Vietnam War was the last of the anticolonial wars in Asia. It was a war for national independence.

By the very end of this century, on December 20, 1999, the tiny Portuguese colony of Macao on the south eastern coast of China will follow the example of Hong Kong and revert to Chinese rule. It will be a historic event - the evacuation of this last European enclave of Western colonialism in the region.

We can now register the start of an age in which New Asia will acquire the economic political and military power equal to that of the USA and Western Europe. It will enable the Asian countries to exert influence not only in their own region, but in the world in the twenty first century. Asians will be able to have an equal say in writing the rules for the world. The next few decades will see the rise of the new and vigorous Asia which will be able to break the monopoly of the West as world power.

The signs of this trend are already there. The economic strength is a driving force in New Asia. The Asians have succeeded in accomplishing an industrial revolution in 50 years that took the West 200 years. Though currently undergoing a severe crisis, Asian economies are nonetheless growing much faster compared with Western Europe and the United States.

If this continues, China by 2020 will have the world's largest economy, the USA will be second. Next in the list will be Japan and India, followed by Indonesia and South Korea, with Germany in seventh place, and France in ninth, with Thailand between them. Brazil will be the tenth largest economy. These estimates by the World Bank and Central Intelligence Agency indicate the general trend. (*Foreign Policy*, Washington DC, Spring 1996, p 11).

Samuel P Huntington's thesis is that the fundamental source of conflict of the new world will neither be ideological nor economic but civilisational ("The Clash of Civilizations", *Foreign Affairs*, Summer 1993). While this author accepts that there will be no universal civilisation, but a world of different civilisations, Huntington's arguments raises a number of questions.

First, the selection of seven or eight major civilisations, i.e., Western, Confucian, Japanese, Islamic, Hindu, Slavic-Orthodox, Latin American, and possibly African civilisations — raises a question about the nature of civilisations and their identities. We can see that in this list four civilisations are identified with religion — Confucian, Islamic, Hindu, and Slav-Orthodox. While the other two, Western and Japanese, are identified with secularity representing the most advanced economies. Latin American civilisation can be identified more in national and geopolitical terms than in religious terms.

Let us briefly review the first group of the four civilisations, which are 'going to clash' between themselves and others. In Confucian civilisation there is only one real contender for the role of core state, i.e., the People's Republic of China, which is engaged in building socialism with specific Chinese features. Question number one: how Confucian is this country and its people? And question number two: will it really clash with other civilisations, say Hindu or Slavic-Orthodox? And if so, is this possible in the near future? Question number three: even if it so happens, will it be a civilisational clash, or something else?

The next is Islamic civilisation. There is no core Islamic state in the world. Iran with its Persian ethnicity and Shi'ah theology stands largely isolated from the rest of the Islamic world. The other large states like Pakistan, Bangladesh, Turkey, Egypt, Iraq or Indonesia are very different from each other on many counts. Therefore, it is difficult to imagine a concerted policy towards other civilisations, i.e., the West or Slav-Orthodox, or Hindu, or Confucian.

As far as Slav-Orthodox civilisation is concerned, the question arises: how orthodox is Russia the core state? There is a substantial doubt about Russia's Orthodoxy. Moreover, we, the Russians, live in a polyethnic and multi-religious country and have become accustomed to this way of living.

So, it is very difficult to imagine that Orthodoxy may become the main reason for Russia's clash with other countries or civilisations.

What about Hindu civilisation? It was probably correct, historically, to define it in this way. But today, it will be more appropriate to talk about Indian civilisation; and there is no reason to think that a clash between this civilisation and others on any ground - geographical, economic or military is possible.

During the cold war years America identified itself in terms of ideology as did the USSR, and not in terms of civilisation. Now, in a new international setting, it is in search for a new identity.

The main problem is with Western civilisation. American scholar James Kurth holds that it is radically different from other civilisations because it is the only civilisation that is explicitly non religious or post-religious. He argues that this difference helps to explain why there are new conflicts between the West and the rest of the world. And it also points to a possible fatal flaw within Western civilisation itself. Kurth and many others (like American scholar, Ravi Batra) speak about the decline of Western civilisation. Kurth has come to the conclusion that the real clash of civilisation will not be between the West and one or more of the rest. It will be within the West itself. (J Kurth, "The Clash in Western Society: Toward a New World Order", *Current*, January 1995)

Whether it be so, remains to be seen. But coming to our question: why are these ideas of the end of history or clash of civilisation and the like mushrooming nowadays? I think that all these ideas are the result of the void created by the collapse of the USSR, by the end of the cold war and by the termination of the ideological confrontation between the two superpowers.

During the cold war years America identified itself in terms of ideology as did the USSR, and not in terms of civilisation. Now in a new international setting, it is in search for a new identity.

At the same time the West, or at least most Western politicians, consider that the West is now at an extraordinary peak of power in relation to other civilisations. It dominates international, political and security institutions (and with Japan – international economic institutions). Global, political

security and economic issues are effectively settled by a directorate headed by the United States.

Says Huntington: "The West in effect is using international institutions, military power and economic resources to run the world in ways that will maintain Western predominance, protect Western interests and promote Western political and economic values. That at least is the way in which non-Westerners see the new world, and there is a significant element of truth in their view." (*Foreign Affairs*)

The concept of the clash of civilisation serves few purposes. It covers up real problems, which the world is facing -- problems of mass poverty, illiteracy, socio-economic inequality, ecological degeneration. The growing gap between a few rich countries and the majority of the population of the world is of serious concern. One of the results of the world development during the last 50 years was the growth of social and economic inequality of the peoples. In 1960 the congregate income of the top 20 per cent of world population was 30 times higher than the income of the bottom 20 per cent. But in 30 years time that proportion has doubled. The share of income of the top 20 per cent has grown from 70 to 80 per cent, while the share of the bottom 20 per cent has decreased from 2.3 per cent to 1.4 per cent. Today about 1.3 billion people live on less than one dollar a day described by the World Bank as the worst poverty. More than 800 million people do not get enough to eat. Over a billion lack access to drinking water. More than 820 million people have no job or have only part time work.

The clash of civilisation theory provides a justification for dismemberment of the Soviet Union and Yugoslavia. But it is not only that, for it also suggests, since peoples differentiate themselves by civilisation, countries consisting of different civilisatons are candidates for such a dismemberment. It may be applied to Russia, with Chechnya for its sovereignty, and to some other republics experiencing a similar situation.

Within that clash of civilisation theory, the concept of "torn countries" those divided over whether their society belongs to this civilisation or another - is a good weapon to put this idea into practice. They say, for

example, globally Russia is the most important "torn country" Mexico and Turkey are also in the list and many others may be easily added

So it is obvious that the clash or civilisation theory is aimed not so much at explaining the present state of global affairs, as at serving a political purpose for strengthening the position of the West, the rich and developed part of the world. This is why they speak about the West versus the Rest. ■

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China In Transition: The Changing Economic Scene

China's economic reform programme is a widely debated topic. While the country has definitely abandoned Mao's rigid economic-planning approach, the policies of the Chinese Communist Party (CCP) for implementing the much-touted "socialist market economy" are not clear. The phrase "socialist market economy" — a clear contradiction in Western eyes — is repeatedly pronounced by China's zealous bureaucrats, although its meaning and the manner of pursuing it remain uncertain.

MARIA WEBER

During the 1980s China's economic performance was a success. Within the country, the economy expanded at an annual average rate of about 10 per cent, and living standards and consumption more than doubled. According to the World Bank's forecasts, by the year 2010 China will reach a high level of GDP in the world, and will enter the group of middle income countries, even though it will take far longer before the Chinese people are able to reach a level of average disposable income similar to that of Europeans or the people of the US. (In China there were still 80 million poor at the end of 1995). In fact, the success of market oriented reforms in China has had adverse ramifications including high inflation, inequality, corruption and disorder. In sum, we are witnessing a confusing landscape, full of dilemmas and open issues. For example, the leadership realises the importance of going on with price reforms, but at the same time it is unsure as to when, how, or how quickly to introduce price revisions, so that the idea of decontrolling prices has been postponed indefinitely and

has not yet been achieved. Similarly, the leadership realises the need for substantial change, but fears at the same time that change will bring about instability.

In present day China there are certain dilemmas and contradictions that will have to be faced. Some of them are not new, but they have particular significance today, considering the fact that China is passing through a delicate stage of the reform process. With the adoption, in October 1993, of the resolution that China is moving towards a "socialist market economy", a step towards market economy was made — a step that was closer than the previous ambiguous formulations which declared that China would pursue "socialism with Chinese characteristics".

Reforms now involve the backbone of the country's industrial system (the state owned enterprises (SOEs)) and its circulatory and respiratory system (the financial sector) — areas where mistakes could easily cripple the economy, especially in consideration of the deep relationship that exists between budgetary, enterprise and banking reform.

The adoption of the ninth five-year economic plan by the Eighth National People's Congress (NPC), on March 5, 1996 is of great importance in China's history of socio economic development, and will push a vigorous and competitive China into a new epoch. It contains the guiding principles for the next stage of the country's economic development and industrial readjustment. From Premier Li Peng's "Government Work Report" and other speeches, we can discern three areas of emphasis in Beijing's economic policy:

- macroeconomic control (ie, central planning)
- income equality
- regionally balanced development

Probably because of changes in the objective situation in China and also in response to policies proposed by Jiang Zemin, Li Peng put great emphasis on developing the central and western provinces of China and narrowing income differentials. Li underlined the importance of boosting capital construction in the inland provinces and called for capital, personnel, processing and labour-intensive industries to be transferred to these areas. On income gap, Li said that both legal measures and new distribution policies would be adopted to narrow the gap between rural and urban areas, and between different regions, professions, and social groups.

It seems clear that the Beijing regime will continue to focus its attention on the economy in the coming five years. Economic development is not only seen as the best solution to some of mainland China's domestic problems, it is also being used to serve diplomatic aims, as it promotes interaction with foreign governments and private citizens. The fact that the NPC and CPPCC focused their discussions on the adjustment of industrial policy, the distribution of resources, the gap between rich and poor, and how to improve macro economic control indicates that the Beijing government's ability to plan economic development has matured.

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The ninth five year plan itself highlights the need to improve agricultural production and the management of state run enterprises, two areas in which many problems remain to be solved. The blueprint also emphasises bolstering the country's infrastructure and supporting its "pillar" industries — cars, petrochemicals, machinery, building material and electronics. In politics and society, attention has been focused on the necessity of enhancing social ethics, an area in which the educational influence of communist dogmas can no longer be relied upon. It seems that the underlying intention of the ninth five year plan is to readjust and regulate society through economic development.

THE REFORM OF STATE OWNED ENTERPRISES (SOEs)

The state sector is facing a lot of challenges at this stage of the economic reform. As a matter of fact, all over the world state owned firms are drowning in red ink, and in most cases, they appear to be bankrupt when judged by non-state sector standards.

Most Chinese SOEs are characterised by the following traits:

- they have negative profits, even when equipped with the latest technology

- they tend to lose money in the transfer of enterprise profits to other departments and divisions
- they tend to be overstaffed
- they often suffer from shortages of energy and raw materials
- bureaucrats who manage such enterprises and employees who enjoy the security of state jobs, all have interests in perpetuating the state sector

Given the role that SOEs hold inside the Chinese economy, the success of economic reforms underway in China, depend mainly on either revitalising or simply liquidating these "socialist relics". Though their contribution to industrial output is shrinking and one-third of them are losing money, these firms still constitute the single most important sector in the national economy and claim the lion's share of investment resources. There are about 104,700 state-owned enterprises (SOEs) in China. They employ 108 million people, which means a substantial proportion of the urban industrial work force (70 per cent of workers in the industrial sector). The policy-makers can't let them go bankrupt without intervening, because this could mean leaving many people without a job and depriving them of any form of social assistance. The reform of SOEs, furthermore, is hampered by underdeveloped housing and labour markets, and especially by the lack of a national social security system to support the expected increase in unemployment which would result from the reform.

The reform of state-owned enterprises was the main issue in 1995. But as the new policy met with strong resistance from the conservatives, the Beijing government finally decided to keep the reforms at an experimental level. The privatisation of major SOEs may be desirable in the long run, but it is not currently on the government's agenda and is unlikely to be so in the near future. Many western observers were expecting a strong attempt to reform SOEs in a *laissez-faire* sense, with quick privatisations occurring according to a scheme not very different from the one implemented in the countries of the former Soviet Bloc. But it soon became clear that privatisations would not take place according to the timing and methods defined. The timing and methods chosen by the government for implementation of reform apparently do not match western exceptions.

The profitability of SOEs is heavily affected by old equipment, by the market and by generally low quality managers holding top-level posts for political merit rather than their actual skills. Due to historical constraints, and a number of other reasons, they are unable to meet their commitments. In a free-market economy, these enterprises would have already been declared bankrupt thus throwing workers into the job market and eventually to social security. The People's Republic of China, however, has neither an effective job market nor a viable social security network; workers have always been entrusted to the care of their own company which traditionally provided health care and retirement assistance and even accommodation for its employees at a political price. Deprived of the cradle provided by the mother company, a Chinese worker would literally be thrown into the street, without the means and particularly the mentality necessary to survive, and would have to re-organise his life based on another job. In the light of the number of state-owned enterprises with hopelessly passive accounts, and a large labour force, a comprehensive reconstruction programme would involve abandoning dozens of millions of workers to their own resources. SOE privatisation would generate such a wave of dissatisfaction that it would jeopardise the CCP's legitimacy. This is something the country's political leaders are well aware of, and are indeed therefore, carefully trying to prevent social unrest. It is thus clear that the option to declare bankruptcy is not applicable for most SOEs. The law on bankruptcy came into force in 1988, but was never really implemented. Though always mentioned in official speeches on reform, it only involves marginal companies, completely devoid of any interest at a nation wide level.

In the light of the number of state-owned enterprises with hopelessly passive accounts, and a large labour force, a comprehensive reconstruction programme would involve abandoning dozens of millions of workers to their own resources.

China, therefore, is not very likely to move effectively towards privatisation. (Significantly, the two Chinese stock-exchanges of Shanghai and Shenzhen, which were so lively in the past few years so that they aroused the continuous attention of Western media, have now become very

inactive). Even the most efficient companies are taking charge of supporting an impressive number of retired and redundant employees; the first step towards rationalisation of a private company would therefore obviously involve a sharp cut in the number of employees, thus revamping the above-mentioned problem of unbearable levels of unemployment for a potentially unstable society like China's. China's top-leaders, therefore, are moving very cautiously with reforms, while slowing down any corporate re-organisation process, and rather assiduously devoting their energies — by means of cautious experiments and interesting alternatives — to the creation of a healthy macro economic environment where companies may thrive as if they were operating in a market economy. It was decided to change the companies environment, rather than their core activities so that they may, if they have the necessary skills, comply with market rules while avoiding the choking efficiency constrains of competition.

In 1995, China was committed to debate reforms in the operating mechanisms of public companies, separate government property and administration from corporate management, and gradually move companies from a subordinate position with respect to administrative organisations to a status of independent legal bodies in charge of their own profits and losses. The term "debate" was not used by chance, during this year of reforms no special activity was carried out in view of an actual reorganisation, but only lively discussions were conducted -- in a Chinese sense -- on the alternatives to pursue. Problems were analysed, discussed and endlessly repeated, in order to involve all those concerned in such a way that the workers themselves became aware of the level of companies' liabilities of the fact that sooner or later a reform would have to be carried out, and that their job would be at risk. In a very typically Chinese manner, leaders are now involved in thinking out reforms rather than establishing an operative economic framework, only when individuals are ready to face risks and the complexity of an actual "market" economy would the reforms be implemented without any danger.

Many observers argue that China will soon focus on the completion of these market reforms. Although they have been underway for some time in China, a lot still remains to be done. Based on the usual policy of experi-

ments and alternatives, efforts will also be made to create a sophisticated pension scheme that will provide for the sharing of the retired employee's burden between the government, the company and the worker himself, based on the lines of Chile's experience. This seems to be particularly appreciated by those involved in the attempt to find a solution to the problem. Companies are likely to be soon released from the burden of ensuring housing for their employees, thus reducing the load on the SOEs, and at the same time creating greater employment flexibility. And finally, what is also expected to be removed are guarantees of life-long jobs for workers.

A draft idea now circulating around is to place holding companies and other managing bodies between companies and the administration, so as to accomplish the expected separation between ownership and management without resorting to unwanted privatisation.

If progress is actually made as everything currently seems to indicate in China, towards the setting up of a "corporate system" of national companies, the most interesting reforms will take place in the medium term. China's industrial framework is historically disaggregated, with a large number of (relatively) small industries unable to cooperate with each other or to exploit scale economies (China's negligible car sector includes more manufacturers than Italy's, Korea's and Japan's). Chinese authorities are willing to reaggregate them by manufacturing sectors through a number of mergers and cross-acquisitions of companies based on the Japanese *keiretsu* model. This would allow passive companies to combine with a number of other companies whose active accounts would contribute to slowly adjusting the former, with no need to rush into job cuts or bankruptcy declarations. A draft idea now circulating around is to place holding companies and other managing bodies between companies and the administration, so as it accomplish the expected separation between ownership and management without resorting to unwanted privatisation.

Experiments in the industrial conglomerates are already underway, although no systematic method is applied. In the chemical and transport sectors and, to a lesser degree, in the car and iron and steel sectors, the most effective enterprises are encouraged to expand their field of action through

mergers and acquisitions, and to take charge of the reorganisation of insolvent companies, with the guarantee of the future enjoyment of any profits that these companies may be able to make. Though many minor companies, in the future, may find alternative ways to define ownership, one can assume that companies constituting the backbone of China's economies will not be left at the mercy of market trends, (no more than the Japanese *keiretsu* and the Korean conglomerates)

At the macro level, the future development of the corporation system to ensure management's independence from political power is still to be defined in detail And, last but not least, the reform of the social security system will have to be completed within a very short time A considerable number of international organisations have already been examining this aspect of reforms the importance it will have on the pursuit of reforms in general What impact will the social security system have on the People's Republic of China, as well as on all developing countries which are searching for pragmatic ways to manage social burdens. The decisions made by the Chinese authorities in this respect and the subsequent reactions of the economy and society will heavily affect European economies themselves, opening huge opportunities to foreign investors.

THE NON STATE OWNED ENTERPRISES

China's economic reforms have succeeded in decentralising decision-making processes down to the local and enterprise levels This has permitted a vibrant non-state sector to emerge alongside the state sector As a matter of fact, the emergence of the new non-state sector and the declining importance of the old state sector were unintended consequences of the reform Originally, the leadership had thought that productivity and profitability of state-owned enterprises would improve, as a consequence of decentralising decision making authority But the leadership did not expect to see such a dramatic development outside the state plan. Only over time, after looking at the successful performance of the non-state sector, have Chinese policy makers realised that the industrial structure of the country had to be fundamentally altered The endorsement of a socialist market economy represents a significant step towards recognising this point but is

not sufficient to make a good start towards a market economy with private property rights.

Only 16 years ago, private enterprises barely existed in China; now they represent one of the fastest growing segments of the nation's economy. The government's support for private entrepreneurs contrasts with its attitude during 1989-91 when Beijing shut down many private enterprises. This change of heart in large part reflects Beijing's recognition that the private sector can absorb surplus labour and generate tax revenues for the central government. Though a multitude of regulations continue to govern the private sector, their enforcement is not always effective. The net consequence of this is that it results in abuses of the private enterprise system, as entrepreneurs and officials manipulate the system for personal gain.

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The non-state sector is made of foreign invested, individual and privately owned enterprises. They represent the private sector. The township and village enterprises (small and medium size factories in rural villages that are successors to the people's commune industries), represent the collective sector. In contrast to the stalled SOEs, non-state owned enterprises are showing remarkable growth. In fact, there is a deep imbalance between the performance of China's state-owned enterprises and the non state owned enterprises. According to some studies the productivity growth (measured by total factor productivity) is significantly higher for the non state owned sector than for state-owned enterprises. The same is the case for firms located in the special economic zones of Shenzhen and Xiamen and the open city of Guangzhou than is the case for firms in the more centrally situated Shanghai. Export-oriented enterprises also had higher total factor productivity growth than non-export-oriented ones.

Foreign invested enterprises began in the special economic zones. Later they expanded to the fourteen open coastal cities. Eventually they are ex-

pected to spread out to other regions. They are mainly engaged in manufacturing (95 per cent in 1993). In the past few years, they have begun to make a significant contribution to China's foreign exchange earnings.

Individual enterprises (viz, enterprises run by a single entrepreneur with the help of a maximum of several people) were recognised by the Chinese government in 1981. The most important reason behind this recognition was the problem of unemployment in the cities. A new regulation governing private enterprises was promulgated in July 1988, admitting for the first time the establishment of private legal persons (i.e., limited liability companies). Later, in December, the government gave the private economy a legal status by amending Article 11 of the constitution as follows. 'The state approves the existence and development of private enterprise within the sphere set out in laws and regulations. The private economy is a supplement to the socialist economic system of public sector ownership. The state shall protect the legal rights and profits of the private economy, and will carry out guidance, supervision and management of the private economy'.

Township and village enterprises (TVEs) represent the most vital sector of the Chinese economy. In 1978 the number of TVEs stood at 1.5 million units and employed 28.3 million workers, producing 49 billion yuan (about US$ 5.8 billion) of gross output. In 1984 their number shot up dramatically to 6.1 million units. By 1993, there were 24.5 million TVEs employing 123.5 million workers, producing 3,154 billion yuan (about US$ 570 billion) of gross output. Today they account for over 70 per cent of overall gross agricultural production, this testifies to their enormously important role in Chinese rural society. Anyway, inside the sector of collectively owned township and village enterprises, the rural non-agricultural sector has been emerging, since the beginning of the 1980s as the most dynamic component of the Chinese economy, helping to rejuvenate and transform rural China. In fact, although private enterprises have played an important role in some areas, rural non-agricultural development in most parts of China has been led by the collectively owned township and village enterprises. They expanded at first by filling niches in the domestic market and producing consumer goods not adequately supplied by the state sector. And, since the late 1980s, they have become increasingly export-oriented.

At present about 59 per cent of TVEs are industrial and contribute to nearly 40 per cent of the total value of industrial production (it was 11.7 per cent in 1978), competing effectively against SOEs.

It should be pointed out that TVEs are not a product of the post-1978 reforms. Their origins lay in the Maoist policy of mass rural industrialisation which encouraged communes to be self-sufficient in basic industries. With the dismantling of the commune system, these rural industrial enterprises were effectively transferred to county, township and village governments. The term "township and village enterprises" was first used in 1984, in a party and government notice which announced the break-up of the people's communes. Because they have investments and shareholding by former commune members, they were classified as "collectively owned". But often the "collective" appellation is a misnomer. In fact, many TVEs are privately owned but appear as collectives in order to gain tax advantages and local government support. Many others are effectively state owned, the state in this case being village, township, and county governments. In fact, in most cases, TVEs are nominally owned by local citizens but are managed by personnel appointed by local government which actually control their operation and development. This gives rise to a mutually beneficial and interdependent relationship among citizens, enterprises and their employees on the one hand, and local government on the other.

THE CHINESE ECONOMY BY THE YEAR 2000

The Chinese economic growth process has been characterised by a complex morphology. On the one hand, it has remained above the level of nine per cent per year. On the other, such imbalances have been produced in the economic sector that they could jeopardise the sustainability of rapid future development. The socio-economic tissue of the country has changed. The benefits of the reforms have been wide ranging. In 1978, 270 million Chinese lived well below the poverty level; half way through the eighties this figure was reduced to less than 100 million.

The reduction of utter poverty has resulted in an improvement of the expectation of life at birth, which went up from 64 years in 1975 to 68 in 1985 and grew further to 69.2 years in 1993. At last, the demographic control also seems to have become a reality: the average yearly growth rate

of the population, equal to 2.2 per cent between 1965 and 1980, was reduced to 1.13 per cent in the period 1990-95 with an expected trend of 0.91 per cent for the end of the century (1995-2000). The present process of change is modifying both the political structure as well as the economic one, in a stable direction. First of all, the state restructuring programme, approved in March 1982, has given way to a series of reforms which have greatly modified the complex bureaucratic body. As lifetime employment for political officials has been abolished, a system for role assignment done with professional and managerial criteria has been introduced. The state body has been rejuvenated by activating the resignation of the older staff in favour of younger, more educated people.

The socio-economic tissue of the country has changed. The benefits of the reforms have been wide-ranging. In 1978, 270 million Chinese lived well below the poverty level; half way through the eighties this figure was reduced to less than 100 million.

In order to make some medium term projections it is necessary to analyse some of the most recent event. Particularly at the end of 1994, the Chinese government indicated that optimal growth path for 1995-96 should not be over eight to nine per cent and that, hopefully, inflation would not be more than 18-20 per cent. The necessary measures for cooling the system would include both the fiscal dimension and the monetary one. Fiscally, even if the entries deriving from taxes on income grew 18.9 per cent, the expenditure saw a growth of 22.1 per cent. This pushed the government to control expenses through the administration lever. In particular, it was decided that salaries for SOEs employees could not rise more than the level of profit made by the enterprises themselves. Furthermore, investments in capital assets would be monitored carefully and no medium-big size project would be started. The Central Government, moreover, imposed on the local municipalities the obligation to control all investments, even the smallest ones.

In the monetary sector, the Central Bank, having overcome the hesitations linked to the possible collateral effects which could arise during the restructuring of the indebted SOEs, increased the official interest rates, as on

January 1, 1995. Particularly, interest rates on loans rose 0.24 per cent bringing them up to 10.71 per cent for six months, and to 10.98 per cent for 12 months. Through the monetary channel, the central government has shown its determination of controlling investments. In fact, the debtor interest rates for investments in fixed activities have risen quite noticeably (0.72 per cent), bringing them up to, respectively 12.96 per cent, 14.58 per cent and 14.76 per cent for 1, 3 and 5 years credits. The equilibrium, however, is unstable: the inflation expectancy isn't completely sedated if one considers that from January to May 1995 subsidies on term deposits of at least three years have repeatedly risen.

What are the growth prospects for the year 2000? It would seem reasonable to expect, an average yearly growth of about six per cent. At the end of the century however, if one works with the hypothesis that the implemented set of reforms will be improved and enriched with new interventions, and that the post-Deng transition will not have a negative impact the performance of the last 15 years of the century could be repeated in the period 1995-2000. In that case, China would become the greatest economy in the world by the year 2010. ■

European Union And India: Potential For More Trade And Investment

India has emerged as one of the world's fastest growing regions with a dynamic business culture. As the next century approaches, the EU is beginning to recognise the need for international businesses to build an even stronger presence in Asia, and particularly in India, which is one of the emerging giants of the world economy

V H MANEK KIRPALANI & HANNU SERISTO

The EU is probably the world's largest economic union and India is the world's second largest country in terms of population. The temptation to forge bigger links between the two arises from India's new economic reforms which integrate India more closely into the world economy. This article explores the potential for growing trade and investment links between the EU and India. Further it reports on the findings of interviews with the directors in Europe of the Indian operations of German and Finnish companies. Finally, there is a recommendation about increasing a new, relatively unexplored segment of links between small and medium-sized enterprises (SMEs) in the two regions

THE DYNAMIC GROWING INTERNATIONAL MARKETPLACE

World trading and foreign direct investment relationships are undergoing a tremendous change, not only in volume but in direction. These changes are the result of a number of permanent alterations in the world economy in supply, demand, and infrastructure

- production capacity is greater than market
- economies are more interdependent, as shown in oil and technology markets
- communication and information technology is globally spanned
- the internationalisation of production has become permanent and is increasing
- a global shopping centre exists and large groups of people are consuming similar products
- large free trade areas have come into existence, within an overall thrust to global free trade

A global shopping centre has led to a commonality of consumption in the rich triad of industrial countries in North America, the EU and Japan. However, this global shopping centre also extends its market segments in all but the poorest of lands.

Greater production capacity than market absorption is due to advancing technology. Technological obsolescence occurs in the industrialised world before the machine/plant has physically deteriorated. Thus capacity has increased beyond demand and firms are actively seeking foreign markets. The interdependence of economies is a consequence of their growth. Their requirements for materials, components, and technological services have risen above the ability of their own country to supply them. This has led to an increase in international trade.

A dynamic new force propels the international marketplace. One-third of world trade occurs through intra Multinational Corporation (MNC). The term is used here covers the Multinational and Transnational Corporation. The MNC in its competitive quest for greater efficiency and effectiveness has internationalised its production and in many cases its logistics systems. A continuous search for value adding has been the strategic basis. In many instances components are being sourced outside the countries where assembly takes place.

Furthermore, a global shopping centre has led to a commonality of consumption in the rich triad of industrial countries in North America, the EU and Japan. However, this global shopping centre also extends its market segments in all but the poorest of lands. Finally the existence of large free

trade areas through NAFTA, the EU, and in countries like Japan, China and India, has led to growing foreign direct investment in each other's areas. The above permanent alterations also significantly affect EU firms. It is appropriate to turn now to the focus of this article which is the propensity for increased economic links between the EU and India.

THE EU IN CONTEXT

Today's EU as a collective has an official GDP of some $8 trillion, over one-quarter of world GDP; with a population of some 370 million people and a per capita of over $20,000. This represents enormous buying power, rivalled in per capita terms only by North America and Japan. The EU, with its 15 member states, and its single market is the world's largest trading bloc. Even after excluding intra-EU trade, in terms of percentage of GDP, the EU is a bigger exporter and importer of goods and services than the US or Japan.

The EU does comparatively little of its external trade with lesser developed countries (LDCs). Nevertheless, these countries are offered the incentive facility of the Generalised System of Preferences (GSP) by which customs duties on imports of finished or semi-finished industrial products are abolished, subject to quotas or value ceilings. The GSP does not exact reciprocity from the beneficiary countries. Moreover in addition to trade and development aid, the EU signed a third generation agreement with India in 1994 based on democratic principles and human rights. This opens up the path to more cooperation. Out of annual EU direct foreign investment flows of over $ 50 billion, the amounts invested between EU countries have expanded even more rapidly than those between the EU and non member countries. However, the amounts flowing out to the LDCs is still significant, and India receives a fair share. Overall, the above can lead to the inference that the outlook of the EU is one of significant interest in what India has to offer.

INDIA IN CONTEXT

India has become a market of major interest since its outward looking economic reforms started in 1991. These reforms were designed to move

the market from a protected, heavily regulated economy to one of lower tariffs, less regulations, privatisation of many public sector enterprises, and greater competition. New private investment was invited into the infrastructure sector, and foreign investment rules were liberalised. The results are impressive The Indian economy has been growing at a compound growth rate of about six per cent a year over the last six years Consumer demand is rising Currency convertibility on current account has been achieved Exports are growing at over 10 per cent a year But so are imports, as the industrial sector requires imported components, and to feed the consumer sector Foreign exchange reserves have risen substantially to about $26 billion, in part due to a rise in portfolio investment by foreignors.

It is well-known that India has a large, parallel, unrecorded shadow-economy, which is thought to be almost equivalent to the official economy. This added parallel economy makes India even more sizeable as a market.

Furthermore India now has the world's largest pool of scientific manpower It is producing scientists, engineers and doctors at a rate that by far outstrips its economy's capacity to absorb them. Indian management and workmanship can be very good. Maruti Udyog Ltd (MUL), the Indian government's joint venture with Suzuki of Japan, is now selling the Suzuki Alto hatchback, with 75 per cent Indian content, in Europe, where it competes with Daihatsu Cuore, the Fiat Cinquecento and Panda, and the Subaru Vivo The major market is the Netherlands In the last ten years MUL has sold about 87,000 automobiles in Europe of which about 18,000 were Altos *Autokampioen*, a leading European magazine states Alto received a higher rating than its competitors. *Autotiek*, a Netherlands magazine voted Alto the best of five competitors after organising rigorous tests.

Today India is a democratic nation of some 930 million people with a per capita income estimated, in purchasing power terms by the UN Statistical Office, at some $1,200 This aggregates to an economy with a GDP of over one trillion dollars. Moreover, it is well-known that India has a large, parallel, unrecorded shadow-economy, which is thought to be almost equivalent to the official economy. This added parallel economy makes India even more sizeable as a market. In buying power terms the combined

total would place India in the eighth position in the ranking of world economies.

Finally, India's GDP is concentrated among the very rich plus a middle class of some 150 million people. Of the remaining 780 million, about 200 million live in urban cities/towns where most of them do various, relatively unskilled jobs, and the remaining are rural peasants. The buying power statistics of the Indian middle class are intriguing. On the one hand some 50 million households own TV sets. This is more than the combined number in France and the UK. On the other hand less than 500,000 automobiles are sold annually in India. But some two million motorcycles and scooters are sold. One company, Bajaj Auto Ltd, dominates this market and plans to manufacture two million units by 1999. This will make Bajaj Auto the world's largest manufacturer of motorised two wheelers in terms of units although sales of Honda and Yamaha of Japan and Piaggio of Italy may be larger in value.

The growth of Indian markets calls for an increased presence of EU firms in this part of the world. This will have at least three major benefits for the firms and the economies of Europe:

- securing strategic openings for business opportunities
- ensuring EU firms that participate will have competitiveness on a global level
- increasing jobs in Europe

EU-INDIA TRADE RELATIONSHIPS

The annual merchandise trade between the EU and India is minuscule, about one per cent of the EU's total trade, but it is quite substantial as a proportion of India's external trade, usually over one third. The trend of exports from the EU to India has been stable for some years and imports were approximately balanced.

Some comments are in order here. The volume of trade is roughly US $8 billion in each direction. The trade patterns reflect the natural complementarity of the economies. The main items in the EU imports of food from India are rather low value added products such as coffee, fish and tobacco. Under crude materials, leather and fertiliser are also imported.

There is a cross-trade in chemicals and most items are in balance except that the import of medicinal and pharmaceutical products is greater. India, due to its large and poor population, is a giant producer of generic products in these sectors. In machinery and transport equipment the EU has a complementary advantage and India has a growing need. Thus over one-third of the EU exports to India consist of these products and comparatively few are imported by the EU. German exports are roughly 35 per cent of the EU's total exports to India. In fact machinery exports from Germany constituted 46 per cent of India's total imports from Germany and grew 53 per cent in 1995 over 1994. However when one looks at manufactures, over one third of the EU exports consist of textile yarn and fabric which are converted in India into apparel and re-exported back to the EU as a major part of the miscellaneous manufactures category. There is much room for growth in trade for non-traditional exports from India such as auto ancillaries, electronics and pharmaceuticals, and in machinery and electro-technical goods exports. EU-India trade could easily be doubled in all non-traditional items as both markets are immense, and have now started to organise more commercial relationships and joint ventures. MNCs in the EU tempted by the differences between their economies and India, are likely to enter with internationalised production and plans for selling into their global marketing systems.

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INDIA FOREIGN DIRECT INVESTMENT AND JOINT VENTURES

The Indian market has attracted a number of large and famous brand companies. For example, Indian Tobacco Company, in which the UK's British-American Tobacco Company has a major stake, is India's second largest private sector company with a stock market capitalisation at over $2 billion. Larsen & Toubro with Danish links is fourth largest, Brooke Bond India another UK company is tenth largest and Nestlé India, the Swiss MNC is fourteenth. Since July 1991 the Indian government has approved three joint ventures with EU firms in the automobile industry — Tata

Engineering and Locomotive Co Ltd (TELCO), part of the Tata group, India's largest industrial house with group sales of about $4.5 billion, with Germany's Daimler-Benz to manufacture the Mercedes 220E series, Premier Automobile Ltd with France's Peugeot 309, and Sipani Automobile Ltd with British Rover for the manufacture of the Montego Philips from the Netherlands has a number of plants in India. Alfa-Laval (now Tetra-Laval), the Swedish dairy and heat exchange equipment manufacturer has had a plant in India for many years, as have Atlas Copco the Swedish air compressor manufacturer, Sandviken the drill maker, and Ericsson, the Swedish telecommunications giant Germany's BASF and Hoescht are also manufacturing in India and Finland's Nokia, the world famous cellular phone maker, has a global office there. Furthermore Finland's Wartsila Diesel, the generator company, is strongly entrenched

There are three factors fuelling the foreign direct investment flow to India. One, MNCs in the EU which want to succeed in the age of globalisation against North American and Japanese firms, are compelled to find a viable mix of domestic and foreign content in their production in order to be cost competitive India's costs are very low which makes its productivity very competitive Two, there is a growing demand from India for local content. Three, there is a strong demand for technology transfer Not only does India want products, systems and services but also the complete know-how. Thus the future growth of foreign direct investment seems securely anchored in a strong mutuality of interest All EU governments are aware of India's needs and are aligned with the efforts of their large MNCs in trying to penetrate the Indian market It is interesting to look at the perspective of the firms themselves

HOW EU FIRMS VIEW INDIA

The views of EU firms concerning the economic and business features of India and Indian markets were scanned through a survey Altogether 39 German and Finnish firms were involved with India in 1996, the interviews were conducted with 20 directors in April 1997, all of whom had overall charge of their Indian operations They answered seven questions relating to the general Indian environment Their answers concerning In-

dian economic growth, its great market potential, and the adequate demand for the products was positive (over 7 on a 10 point scale). But their response was rather lukewarm concerning Indian political stability and concerning government regulations for foreign firms. It is interesting to note that they definitely thought that they would have difficulties in enforcing their legal rights. The government of India must heed this finding and take steps to change this negative perception.

Apart from MNCs in the EU, there is another large, almost untapped, link segment market for SMEs in the EU. This market is the technology transfer market between the EU SMEs and the many entrepreneurial families in India.

However, the response to questions on business infrastructure in India was uniformly favourable. The most positive ratings — above 7 on the 10 point scale — were given to the availability of collaborative partners and to advantageous cost and productivity. The lowest ratings of 6.37 were given to the infrastructure for manufacture, with in between responses, above 6.56, regarding good distribution and advertising facilities and the infrastructure suitable for product use.

OPPORTUNITIES FOR EU AND INDIAN SMEs

Apart from MNCs in the EU, there is another large, almost untapped, link segment market for SMEs in the EU. This market is the technology transfer market between the EU SMEs and the many entrepreneurial families in India, who come from trading and/or landlord backgrounds and would like to diversify partially into the industrial sector. These families are capable of starting joint ventures in India with a capitalisation of between $2-10 million. The EU has many SMEs with technology to transfer and a capitalisation of below $10 million which in a number of cases are family controlled companies. This implies that in many cases the possibilities of a fit could be high.

There are reasons why this link market is relatively untapped. The information flow is sparse and the market is relatively inefficient. The EU SMEs do not in general export to India as the EU itself represents a large enough market for them. Thus their knowledge of the Indian market is

limited. Besides, they often do not possess spare managerial capacity with which to engage in extensive exploration of the Indian market. On the Indian side, the entrepreneurial families who are interested to go into industry often remain in a passive role, until some interaction with a foreign company occurs, because they have insufficient experience of industry. However, a number of factors make the potential for market growth in this link segment substantial when one considers the pace of technological change. From the seller/transferor the pace of technological change means that, as mentioned earlier, existing machinery is often written down in value and put aside long before its useful life has expired. This semi used machinery is still very usable and is easily transferable to India. Indian buyers get the benefit of a low purchase price. The Indian buyer often acts in a relatively protected market. The term, relatively protected as used here, covers not only tariffs and quotas, but general restrictive market structure parameters which make it difficult for foreign exporters to compete on a level playing field. Therefore, the buyer of the foreign machinery or joint venture indigenous partner has the time period to recoup the investment; the payback period can be reasonably short.

One must re-emphasise that the above SME technology transfer market is relatively inefficient and the information flow on both the side of the buyer and the seller, is sparse. The seller does not know how to find a suitable buyer. In comparison, for the buyer it is relatively easier to find a seller since the latter companies are usually listed in some manufacturer's guide in every EU nation. Even when the seller and the buyer are in contact, the seller knows more about the equipment, what it can do, the volume of probable product output, and, for industrial products, often about product usage. This seller expertise advantage can translate into the seller obtaining a higher price. But the buyer gets the benefit of entry into a new industrial field which promises reasonable profits. Thus the buyer obtains diversification with all its attendant benefits. This link market is obviously worth developing.

There are probably only three realistic ways in which this link market can be fertilised. One is by the EU authorities setting up a comprehensive information system on sellers by industry sector. Also by banks in India

setting up parallel information on buyers by segmented classifications. This part of the system can be continuously improved by trade commissioners, professional firms and businessmen. Furthermore both sides should promote these information banks by all feasible means. Two, by the growth of intermediaries who are actively working at bringing buyers and sellers together. Three, by positive governmental actions. In 1991 the Indian authorities applied to the European Commission for technical assistance to help develop automotive industries. Both sides agreed to

In recent years India has adopted economic reforms designed to further the market system and help India integrate with the world free market economies. The effects of this in more rapid economic growth are apparent.

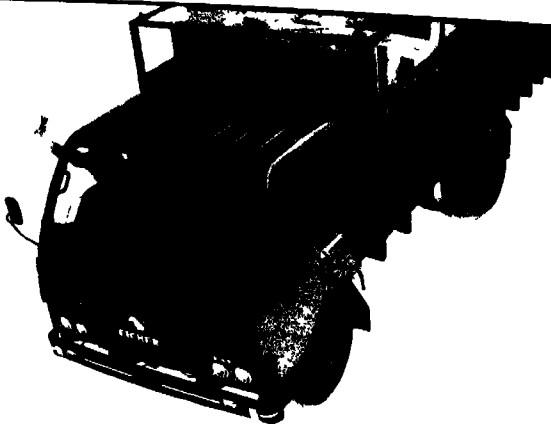
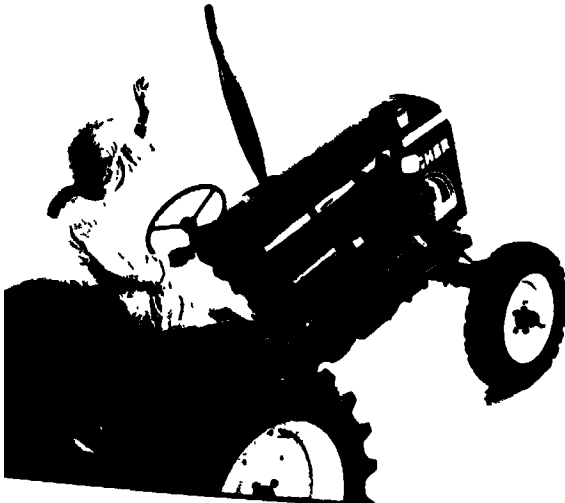
- improved quality by adopting the ISO 9000 standards (EN 29000)
- develop marketing expertise
- promote European technology especially via joint ventures
- build up closer contacts with the Automotive Component Manufacturers Association of India and its European counterparts.

When Indian SMEs went looking for technical collaboration with Europe they ran into a problem of credibility in respect to their ability to produce quality products. The program made a significant contribution towards removing this obstacle. By 1993, 20 technical partnerships were concluded between EU and Indian SMEs. Such is the success of the program that the European Commission and the Indian authorities have decided to continue it in the mutual interest of the two regions.

CONCLUSIONS

The EU and India have a complementariness of economies and of mutual economic interests. Besides, in India English is readily spoken which makes it easier for foreigners to do business. Also, in recent years India has adopted economic reforms designed to further the market system and help India integrate with the world free market economies. The effects of this in more rapid economic growth are apparent. Thus the time is clearly appro-

priate for the EU and India to do far more trade and for MNCs in the EU to seriously consider investing more in the Indian market.

This conclusion is reinforced by the loss of some of the attractiveness of other economies in the region. The interdependence of ASEAN and other South East Asian economies is proving risky as evidenced by the problems which have recently come to light in their financial sector and the consequent affects on their market sectors. This has exposed further weaknesses and volatility with the result these economies are drifting away from the steady trend of rapid growth. This opens up a window of opportunity for stronger links and bridges to be built between the EU and Indian banking, finance and insurance houses with more business being conducted. These stronger service product bonds should have favourable effects on joint ventures and other strategic alliances in the industrial goods fields ■

Eicher motion.
It's not just about automobiles
It's about relationships
Between a man and his Eicher.
It's probably what makes a farmer
call his Eicher Tractor,
"My other son".
Makes a motorcyclist call his
Enfield Bullet,
"My first love".
E-motion
Makes a businessman call his Eicher
Truck, "My partner".
Relationship It's what has made us a
Rs 915 crore automotive group.
It's indeed what unites
Eicher with motion E-motion.
EICHER
Driven By E-motion

THE RELEVANCE OF THE INTERNATIONAL MONETARY FUND TO THE DEVELOPING WORLD

Governance centres on development policies shaped by Bretton Wood institutions such as the IMF and the World Bank. Structural Adjustment Policies (SAP), which set out to reduce balance of payments deficits and then stimulate growth, embody some of the key principles of governance. Their role has been intensified by globalisation which centres on the international integration of markets and compression of the world economy. In this context, it is essential to re-conceptualise the idea of governance.

SUMIT ROY

Development policies, devised by the International Monetary Fund (IMF) and the World Bank, are being increasingly projected as the most appropriate model for developing countries. Going under the name of Structural Adjustment Policies (SAP) they embody some of the basic principles of governance, marking a shift from the state to the market with far-reaching implications for production, distribution and consumption. This is critical as SAP forms the basis of globalisation centred on the integration of international markets for goods, services, investment, technology, finance, and to some extent labour, blurring national borders, compressing the world economy, and curbing the autonomy of nations to shape their future.

In this setting the crux of the problem can be summed up in the following manner: SAP constitutes specific strategies which reflect a shift in

ideological values with a focus on the market to fulfil goals of debt repayment, and to create the basis for self-sustaining growth. This has been shaped by forces, which have cast aside the history of global and national inequalities, including theories on the deep-rooted conflict between capital and labour and its implications on the nature of the state in developing countries. Indeed, the debt crisis and the subsequent measures to adopt structural adjustment have gained inspiration from international financial and aid institutions. This has been buttressed by the collapse of "planned socialist" East European economies, which have been contrasted with the growth in "market led" Newly Industrialising Countries of East Asia. At the same time there has been an inability to critically examine the factors behind both "state failures" and "market failures" in the context of the political economy of development. This demands a more penetrating analysis of the roots of SAP, an analysis that cannot be divorced from global and national inequalities, and the factors which can block or enhance the state's capacity to fulfil developmental goals.

There has been an inability to critically examine the factors behind both "state failures" and "market failures" in the context of the political economy of development.

"Governance" embodying structural adjustment, therefore, poses far-reaching questions on both economic and political liberalisation, which go beyond growth and poverty alleviation.

The main ingredients of SAP are they should be placed in the context of global and national inequalities which have been shaped by historical forces. Structural, dependency and Marxian paradigms have moulded much thinking on the nature of inequality and the critical role of conflict between developed and developing countries, and between socio-economic classes within the latter. Thus various schools of thought have perceived the nature and causes of inequality in different ways. The structural school has identified unequal trading relations between the two groups of countries coupled with the inability of developing countries to industrialise on the basis of primary exports. To overcome this trap and participate on more equal terms developing countries need to abandon policies based on comparative advantage rooted in neo-classical theories, and adopt protective measures, such as tariffs, to construct indigenous industries. This can enable participation in

the world market on stronger and more equal terms. The dependency school has focused on the process of extraction and transfer of surplus from the developing to the developed countries, as the major cause of stagnation in the former and growth in the latter. The classical Marxist school has argued that in spite of exploitation of developing countries by the developed, capitalism, as a form of industrial growth, has flourished in the post colonial phase. Hence, inequality that accompanies that growth mirrors deep imbalances in the global and the national economy.

A DEBT-LED GROWTH

Against this background, the efforts of oil producing countries to raise the price of oil through the Organization of Petroleum Exporting Countries (OPEC) mirrors attempts to change the terms and conditions of exchange of commodity-exporting developing countries. This had critical implications for balance of payments and growth in developed and developing countries. The sharp increase in oil prices, the first in the early seventies, and the second in the late seventies, had repercussions for global financial and trading arrangements. While instability in the global economic system was attributed to the sudden rise in oil prices, the ability of oil consuming developing and developed countries to cope with the crisis sharply varied. The increase in oil prices aroused the hope of a genuine redistribution of income from developed to developing countries. Alas, this failed to emerge. However, the danger of a global monetary crisis emanating from deficits in the balance of payments of oil consuming countries, coupled with the inability of the main oil producing countries to absorb oil revenues, was minimised by recycling surplus oil revenues through developed country institutions, which in turn made available cheap loans to developing countries. This, however, gave rise to the phenomenon of "debt led" growth.

The second oil price hike was accompanied by contractive monetary policies, with high interest rates, inability to gain access to cheap money (as after the first oil hike), reductions in aid, falling exports, and capital flight. Thus, a combination of factors gave birth to the "debt crisis" which started emerging from the late seventies and the early eighties. The effects on the balance of payments deficits in oil consuming economies, and in particular on the developing countries, were adverse. The problems exposed the frag

ile economic structures of the developing countries. The relatively open non-oil, food importing economies, dependent on cash crop exports (with falling terms of trade), and limited reserves, faced the brunt of the impact of the "oil crisis", and were saddled with large external debts.

POLICIES PROPOSED BY THE IMF AND WORLD BANK

The diagnosis of the economic crisis and the solutions put forward fell upon the two key Bretton Woods institutions, the International Monetary Fund and the World Bank. Indeed, the debt crisis and the subsequent structural adjustment policies reveal the capacity of such institutions to cajole, persuade and pressurise developing countries to abandon previous notions of planning the development process. The key ideological thrust was on curbing the role of the state, while allowing the market to shape the whole process. This lacked a critical assessment of the factors which have inhibited state policies that centred on the ways in which propertied classes have used state power to further their own interests leading to a distortion of development goals, while accommodating neo-liberal theories. This focus shows an inadequate understanding of historical forces which have shaped the socio-economic structure of developing countries. The absence of such an insight has led to a naivety about political economy, with the developing countries being coerced into implementing harsh adjustment programmes. Of course, the accommodation of SAP has often been facilitated by those exercising state power, with the poor and the weak having to make the major sacrifices. In fact, the "success" or "failure" of SAP has been associated with support for, or opposition to, such measures, among developing countries, with economic and political repercussions for the relationship between Bretton Woods institutions and developing countries.

In devising SAP, the IMF and to some extent World Bank have focused on reducing external debts and establishing equilibrium in the balance of payments, while creating "the conditions for sustained growth", based on "neo-liberal" values. These have been put into practice through "conditionalities" which stipulate new fiscal, monetary and trade policies to be pursued by borrowing countries in order to obtain loans; the "conditionalities" included cutbacks in state expenditure, withdrawal of subsidies, control of money supply, privatisation, emphasis on boosting agricultural production

and trade liberalisation through stimulation of export crop production and devaluation. The relevance of such policies for long-term development has been questioned.

The deleterious impact of SAP raises the question whether developing countries should focus on structural adjustment or structural change, the latter being based on transformation from an agricultural to an industrial economy. Measuring the impact of SAP on reducing debt, stimulating growth, and alleviating poverty, is fraught with major analytical and empirical flaws. It raises a number of questions. How should we isolate pre and post SAP effects? What would have happened to these economies if the measures imposed by the IMF and the World Bank had been implemented? In this respect, the time span of over a decade, when SAP started emerging, seems adequate for an analysis of the major implications of such policies.

In essence, many adjusting developing countries continue to face problems of external debts and debt servicing (particularly in Africa). While some export growth has been recorded this has to be sustained. Furthermore this cannot be divorced from the persistence of the traditional commodity based trading structures of most developing countries. Investment levels have not shown marked increases and poverty has been intensified.

In the main, some of the propertied and well placed social classes such as industrialists, urban middle classes, and importers exporters have gained while the plight of the majority of the rural and the urban poor has been exacerbated.

EXPERIENCE OF AFRICA

Studies on SAP in Africa, undertaken by the World Bank celebrate the fact that those countries which have adopted SAP have higher growth rates in comparison with those which have not. This has been challenged by others who, using the same data, have reached the opposite conclusion that the countries which have been adjusting have often experienced lower rates of growth than those which have not adopted such programmes. It is also necessary to be cautious about crediting SAP for boosting the rates of growth, given that aid has often been channelled to those countries which have readily implemented such policies. Thus, aid rather than adjustment

measures may have stimulated growth. Of course it has to be recognised that the international banking community expect developing countries to comply with the conditionalities laid down by the IMF and the World Bank. The lack of a positive response to SAP by developing countries is likely to be interpreted as hostility to these institutions with the consequence that such countries may have to go it alone in resolving their debt problem. In contrast, ushering in the policies is likely to facilitate support for rescheduling previous loans and granting fresh loans. In the short term developing countries may have no option but to adopt such policies while trying to minimise their adverse effects.

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Reduction of external debts has imposed severe costs on most countries in terms of debt servicing (external debts as a percentage of exports). This has meant that countries with abject poverty and trade export-oriented structures, which have historically confronted falling terms of trade, have had very limited room for manoeuvre to meet debt servicing obligations. Such pressures coupled with having to make sharp reductions in state expenditures, including social welfare fields such as health, education, and housing have intensified levels of unemployment, reduced real incomes and hence purchasing power, particularly in the urban sector, and worsened the already low levels of nutrition. Devaluation has led to an increase in prices reinforcing the poverty of the unemployed and those with low or falling incomes. This has implications for reducing the multiplier effect and further reducing incomes, unless matched by compensating increases in investment, which, under SAP place the main responsibility on the private sector. Indeed while development expenditure has been slashed, expenditure on defence has often been increased, exemplifying the dominance of non-developmental factors such as national security.

A key thrust of the policies has been on reducing the rural-urban gap and the alleged bias against the agricultural sector. Thus, devaluation coupled with dismantling of marketing boards has been a key policy to stimulate cash

crop exports. SAP has tended to reduce the rural-urban gap but this has emerged as a result of falling real incomes in the urban sector. Moreover, increases in the incomes of cash crop farmers have been primarily captured by the richer ones and in specific regions, accentuating inter-regional and inter-class inequality in the rural sector. In the longer term, the fallacy of composition theory suggests that, depending on the share of the export crop market, if a number of countries simultaneously increase the export of the same cash crop, individual countries are likely to face falling revenues. Hence, there is much risk in relying mainly on boosting cash crop exports to revamp the economy.

SAP has intensified and diverted interest from the key goals of sustained growth and provisions of basic needs for the poor, and heightened their struggle, while weakening the relative bargaining power of developing vis-a-vis the developed countries. Undoubtedly some socio-economic groups and social classes, as mentioned earlier, and in particular those with access to the state, have been able to strengthen their economic and political power. Indeed, SAP has intensified the urgency of analysing not only the basic needs but also the basic rights of the poor in the context of social exclusion. This demands scrutinizing the theoretical basis of neo liberal thinking on which SAP has been premised and the conditions under which the state can play a forceful role in shaping and guiding the economy at various stages of development, including making markets more efficient and equitable. The swing from the state to the market, and more recently a somewhat small swing back to the state, highlights the theoretical confusion which prevails, in spite of the IMF's and the World Bank's confidence in neo-liberal policies. Moreover, the urgency of re assessing the political economy of the state and market policies has been intensified by the emergence of environmental hazards which place much responsibility on the state to shape sustainable development. The latter centres on integrating developmental and environmental norms.

The debate on the virtues of the state and the market needs to critically reflect on the quality of state policies and their relationship to the use of state power by one or more socio-economic groups. In this respect, accountability for policies and the role of "good government" has assumed prominence. In democratic structures conflicts between different interests can be recon-

aled and forces which frustrate policies can be confronted. The Indian experience, for example, exemplifies debates on the nature of the state, struggle for the instruments of power, and the role of "liberalisation" in stimulating development. It reveals that the simple state versus market paradigm is of limited value and the need to analyse interaction between power and the formulation and outcome of policies. In this respect, SAP which has been controversial, unfolds contradictions within developing societies which aim to accomplish sustainable growth while having to accommodate painful adjustment policies. The attempt to reform the former 'socialist' economies through the creation of markets can also enhance understanding on forces which inhibit economic and political democracy.

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Since the formulation of SAP other related theories have emerged. This is exemplified by New Institutional Economics (NIE). This confronts the harsh reality of "market failure" and attempts to resolve it through "efficiency improving institutional change" focussed on reducing "transaction costs" under market exchange. While NIE functions firmly in the context of the pricing mechanism it is based on devising organisational mechanisms which can minimise the cost of economic transactions so that individual actions do not conflict with social welfare norms. The state's role is confined to ensuring that institutions, such as property rights, are in place to reduce market imperfections. NIE suffers from being limited to short-term micro-level policies rather than long-term development, and bypasses the need to analyse the forces which shape state policies. However, the theory of collective action can embrace a wider vision by acknowledging that self-interested individuals undertake action which benefits them collectively. This embraces the relationship between the unequal bargaining power of different classes and the creation of policies.

There is also growing interest in the role of Non-Governmental Organizations (NGO) to resolve the problems of development. Against a background of curbs in state intervention, underpinned by SAP and anxiety over "market failures", the NGO focus on creating democratic institutions to empower people at the local level and enable them to exercise control over decisions which affect their livelihood. Thus, they could play a useful role in the realm of "governance" complementing, reforming or opposing the state. However, the impact of such institutions on the development process cannot be divorced from unequal access to resources and hence the need to create a more democratic political structure

EAST ASIAN ECONOMIES

The analysis of SAP has often used the "miracle" experience of East Asia to derive lessons and comparisons with the structural adjusting countries of Africa, South Asia and Latin America. The state, supported by the market, has been instrumental in bringing about in most of East Asia the transformation from an agricultural to an industrial society supported by credit and technology within relatively egalitarian agrarian systems coupled with measures to stimulate industrialisation through finance, research and development. These have been bolstered by the creation of pre-conditions for the efficient functioning of markets including the phased introduction of import substitution and export led industrialisation based on selective use of foreign direct investment related to domestic needs. Moreover significant expenditure on human capital (nutrition, health and primary, tertiary and higher education) has been instrumental in reducing poverty and boosting productivity. Inter-regional flows of trade, finance and investment based on "the flying geese" notion, initiated by Japan and subsequently by the North East and the South East Asian economies, have been instrumental in stimulating the economies. The high levels of average annual GDP growth rates exceeding seven per cent and six per cent in the periods 1970-80 and 1980-83 of the major economies coupled with sharply declining levels of poverty have provided powerful insights into policies to strengthen national economies while integrating with the world economy. Moreover, the self-imposed adjustment programmes of the East Asian economies, compared with

the IMF and World Bank inspired SAP have been linked more closely to national priorities.

The recent economic crisis in East Asia has been symbolised by the collapse of financial markets, heavy devaluations, mounting debts, falling output, and rising unemployment. This is emerging in South Korea, Thailand, Indonesia, and increasingly in Malaysia, with Japanese banks — key suppliers of finance to East Asian economies — confronting severe problems. The currencies of Thailand, South Korea and Indonesia have fallen by about 50 per cent against the dollar and some governments and corporations linked to the three countries have borrowed heavily in dollars for several years — the cost of these debts has jumped by about 50 per cent when converted to local currencies. These events have aroused doubts about the "miracle" and fear that a "melting down" is underway. However, such anxieties should not be divorced form the historical experience of the region.

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The international focus on East Asia has stemmed from shock and uncertainty over the sudden collapse of the economies and the long-term consequences for both the region and the world economy. Pessimistic forecasts suggest the following direct and indirect effects unless radical steps are taken: (a) reduced capacity of East Asian economies to purchase the exports of industrialised countries coupled with likely cutbacks in foreign investment by East Asian economies with adverse consequences for employment in the developed market economies of Europe and North America; this in turn could lead to reduction of developing country exports to the industrialised countries, (b) reduced capacity of the industrialised countries, and also middle income developing countries, to compete with the cheaper East Asian exports because of the heavy devaluation of the East Asian currencies; this may lead to a fall in exports and unemployment in the industrialised countries, (c) migrant workers in East Asian economies such as Malaysia may face unemployment with a reduction in foreign exchange inflows into their own economies. The IMF's interim "World Economic Outlook" forecast for

1998 reveals sharp reductions in expected growth rates. Thailand, Indonesia, Malaysia and the Philippines are expected to grow at 1.7 per cent on average compared with the previous forecasts of 3.7 per cent. South Korea has been adjusted to 2.5 per cent, down from six per cent, and Japanese growth forecast has almost halved to 1.1 per cent. China, too which has so far been largely unaffected may suffer, as a result of reductions in inflows of foreign investment from East Asia plus inability to compete in export markets. Overall the world growth forecast for 1998 has been revised downwards from 4.3 per cent to 3.5 per cent.

The roots of the problems have been traced to over-optimistic assumptions about the persistence of high rates of growth in East Asia leading to the easy supply of international finance, access to cheap finance, and over-investments

It is too simplistic to make a scapegoat of any nation, group or institution for the crisis, although it should be acknowledged that each of these may have contributed towards it. The roots of the problems have been traced to over-optimistic assumptions about the persistence of high rates of growth in East Asia leading to the easy supply of international finance, access to cheap finance, and over-investments, often in unwise and speculative investment without effective demand. Inadequacies of the domestic financial structure combined with corruption in the allocation of finance have undoubtedly fuelled the crisis. The intervention of the IMF to help the major economies including South Korea and Indonesia through traditional adjustment package loans to restore balance of payments equilibrium has created hope and anxiety: internal and external balance could be restored and eventually sustainable growth could emerge, but past doubts about such packages reveal much concern about adverse effects of the deflationary thrusts and hence worsening of the malaise. In this context, it is essential to carefully analyse the historical relationship between the East Asian region and the world economy, including the changing conditions of security and geo-political interests in the post-cold war era, and measures to establish financial stability and growth. This demands integrating national, regional and international

policies and scrutinizing naive perceptions of globalisation which call for a reign of the free market. Such a focus requires firm monitoring of flows of finance (debt and equity portfolio), investment, and trade, through the combined efforts of existing and new international institutions (IMF, World Trade Organisation) and regional institutions (Asia Pacific Economic Cooperation Forum, European Union) This should reflect a fuller grasp of the specific feature of different regions and their economies.

SAP has uncovered some of the fundamental problems of development, which go beyond simply establishing balance of payments equilibrium. Such policies are likely to become more sensitive as globalisation is increasingly exposing developing countries to international competition against a background of new forms of inter and intra state post-cold war power struggles with far-reaching implication for development and security strategies. In this respect, in the future it will become necessary to devise ways in which the state in conjunction with non-state actors, including interest groups, NGO international institutions, and private firms, can stimulate sustainable growth and peaceful coexistence. The lessons of East Asia, encompassing the 'miracle' years and the recent economic crisis, and the experience of SAP in developing countries, suggest that this should emerge within a national international setting. Such a vision makes it essential to reconceptualise the concept of governance.

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STUDIES IN DIPLOMACY

THE PRACTICE OF DIPLOMACY: ITS EVOLUTION, THEORY AND ADMINISTRATION

Keith Hamilton and Richard Langhorne, London: Routledge, 1995, pp. [illegible]

DIPLOMACY: THEORY AND PRACTICE

GR Berridge, London: Harvester Wheatsheaf, [illegible], pp. [illegible]

CRISIS DIPLOMACY: THE GREAT POWERS SINCE THE MID-NINETEENTH CENTURY

James L Richardson, Cambridge: Cambridge University Press, [illegible]

FOREIGN POLICY ANALYSIS: CONTINUITY AND CHANGE IN ITS SECOND GENERATION

Laura Neack, Jeanne AK Hey and Patrick J Haney (eds), Englewood Cliffs: Prentice Hall, [illegible]

REVIEW ESSAY: A J R GROOM

There has, in recent years, been a renewed interest in diplomacy as an integral part of the study of international relations, both in Britain and the United States. There are specialist sub-groups in the major professional associations with a new literature and innovative research projects are beginning to make their mark on the subject, but diplomacy has a prickly past and a problematic future. For example, in the late 1970s the Berrill Report in the UK, (Review of Overseas Representation, London, HMSO, 1977) suggested that perhaps Britain could do without a diplomatic service in the old-fashioned [illegible] the senior part [illegible] tion now concerned [illegible] like questions rather [illegible] the high politics of the past. Moreover [illegible] tion on Britain [illegible] conducted more by civil servants from the [illegible] ministries than [illegible] pants from the Foreign and Commonwealth Office (FCO). The latter w[illegible] even chastised for working at too [illegible] a level of perfection.

All of this goes to show that [illegible] notion of diplomatic studies or the study of diplomacy stimulates a reaction. [illegible] the one hand many academics [illegible]

that they should get their hands on the levers of power, because they are capable of doing a far better job than the present incumbents. On the other hand, those selfsame academics and journalists have a sense of envy and disdain for the practitioners of an ancient art. Typical of this reaction is the comment of Hug O'Shaughnessy in *The Observer* (May 21, 1989): "Diplomacy, as we know, is not a rational science, being made up of equal parts of protocol, vitriol and alcohol." This is not, of course, how diplomatists see themselves. In the diplomatist's bible, Satow's Guide (Sir Ernest Satow, *A Guide to Diplomatic Practice*, London, Longmans, Green & Co., 1957, 4th edn, p 1) diplomacy is the 'application of intelligence and tact to the conduct of relations between governments', whereas the OED (Oxford English Dictionary) refers to diplomacy as 'the management of international relations by negotiation, the method by which these relations are adjusted and managed by ambassadors and envoys, the business or art of the diplomatist.'

There can be little doubt that now-a-days diplomatists fulfil a large range of functions in a wide variety of different aspects of life, sometimes in uncomfortable places, and occasionally in very uncomfortable circumstances, when they are seized as hostages. But they also have, in the eyes of ordinary citizens, some irksome privileges which they occasionally abuse, such as illegal parking. Moreover, they often live a lifestyle significantly above their means while they are posted abroad at public expense.

Two recent books by British authors, which are in many ways complementary, enable us to confront our stereotypes about diplomats and diplomacy and to examine our prejudices against the historical past and the pragmatic, present functions of diplomacy. Both are well written and a good read. Hamilton and Langhorne's *The Practice of Diplomacy* is a very substantial historical work looking at the evolution, theory and administration of diplomacy. Geoff Berridge's *Diplomacy: Theory and Practice* is written with undergraduates in mind and provides links with the area of foreign policy analysis, to which we shall return later.

The Hamilton and Langhorne volume is a major historical study of the evolution of the phenomenon of diplomacy in the current world system which grew out of the diplomacy of the Italian city states. Their very first sentence refers to diplomacy as "the peaceful conduct of relations amongst political entities, their principals and accredited agents..." (p 1), and they end their first paragraph by quoting Lord Strang to the effect that "diplomacy is everybody's business" (p 1). We have thus gone from an elite phenomenon to a practice which may, and often does, have an impact on the life of everybody. This prompts the question that perhaps diplomacy is too important to be left to the diplomats. The burden of the Hamilton/Langhorne book is that this is not so, because

diplomats and diplomatic practice have evolved through the centuries, but also because — while maintaining continuity—the ultimate bedrock of diplomacy is the principle of reciprocity (p 217). The continuity that they describe is indeed remarkable: for it has witnessed the growth of democracy, the emergence of revolutionary states, such as the Soviet Union, China, Iran, and Libya at various times, as well as the expansion of international organisations and multilateral and conference diplomacy. Hamilton and Langhorne are right to point out that "the history of diplomacy demonstrates continuity" (p 3). Nevertheless they are rather sanguine about the place of diplomacy in modern international intercourse and, in particular, the role of the state. Though it is generally accepted that "the state has been, since the seventeenth century, the principal and sometimes the only, effective international actor" (p 3), there were nevertheless, even then, other actors on the international stage, such as the church or economic conglomerations, such as the East India Company.

The clear, forward moving text takes us from the beginnings to 1815 in its first part, from 1815 to the present in the second part, and then presents a conclusion on 'Diplomacy Transformed and Transcended'. The historical evolution is analysed and categorised, and also enlivened by occasional snippets, such as the comment on the influences of the cinema on the Moorish delegates to the Algeçiras Conference and the effect on the participants of the cooking in the hotel where they were staying (pp 96-97). Again, when the Serbian prime minister received the telegram of Vienna's declaration of war on Serbia on July 28 1914, at one stage he suspected that he had been the victim of a practical joke (p 134). Already, in a report of the Quai d'Orsay in 1890, it is observed that "the field of diplomacy is truly unlimited. No human interest is foreign to it" (p 134). We may smile too at the comment that in France, prior to 18[illegible] good handwriting and the helping hand of nepotism was the entry ticket into the Diplomatic Service (p 100). But equally our attention is drawn to the growth of professionalisation in most countries [in] the nineteenth century, and most of our stereotypes will be punctured by the observation that the diplomatic services of the major European countries were not notably more aristocratic than home ministries or Parliament (p [illegible]). Moreover the widening of the agenda to commerce and investment in the nineteenth century may have been an important spur to such professionalisation and throughout the nineteenth century the growth of international conferences also began to have an impact upon the conduct of diplomacy. However Hamilton and Langhorne limit themselves essentially to the traditional state-centric world and indeed concentrate in their examples of institutionalisation of the craft of diplomacy on Britain, France, Germany, and the United States. The balance of their volume is therefore

historical, whereas that of Berridge is more on the contemporary side. In this sense they are admirably complementary.

Berridge views diplomacy as a professionalised activity for "the conduct of international relations by negotiation rather than by force, propaganda, or recourse to law, and by other peaceful means (such as gathering information or engendering goodwill) which are either directly or indirectly designed to promote negotiation" (p 1). Usefully, the volume includes an appendix containing the Vienna Convention on Diplomatic Relations of 1961. Whereas Hamilton and Langhorne analyse in detail the emergence of a professionalised activity, particularly in a bilateral framework, Berridge gives much more attention to multilateral diplomacy and the art of negotiation. The analysis is enlivened with many examples, drawn mainly from British experience from the Middle East, or from Southern Africa. Berridge, like Hamilton and Langhorne, has written his book on the basis of teaching a course on the subject over a number of years, and both volumes exhibit their provenance to the benefit of the reader, and indeed of future students.

The chapter in Berridge on summits is one of the highlights of his volume. He sets out, firstly, the case against summitry in a rather convincing manner, arguing that heads of governments as a class are often ignorant of details, vain, oversensitive to the needs of their fellow heads of government, and live by publicity. As a result of this they may conclude "agreements which are inconsistent with, or irrelevant to, their national interests, or conclude no agreement at all, out of ignorance of the detail of the issue under discussion.." (pp 79-80). Moreover, summits usually have inadequate time, and the participants may be carried away by the atmosphere. Summits can also be dangerous in the sense that the top leaders are committing themselves and therefore there is no further recourse. Thus, as Berridge remarks "diplomacy conducted at the summit is not only likely to lead to more mistakes but to irrevocable ones" (pp 80-81) and this, as George Ball once pointed out, "obscures the concept of relations between governments as a continuing process" (p 81). Berridge then goes on to draw attention to the other side of the coin, and in particular gives his seal of approval to serial summits, such as those in the European Union, because they educate heads of government, they enable package deals to be formulated, they can sustain diplomatic momentum and constitute a final court of appeal (p 85).

Berridge's touch is less sure when he comes to mediation, since his analysis is rather unsophisticated, although it does have some sensible comments to make on biased mediation. When he broaches the 'art of negotiation' in the second part he is taking us into foreign policy analysis and decision-making theory. His analysis is unexceptional and is quite good in conveying the notion

to what extent on crisis diplomacy — on decisions and interactions during the crisis itself"? (p 3) In doing this Richardson deliberately brings in less familiar cases examining the central features of crisis diplomacy in a common analytical framework. He sets himself the task of evaluating competing theories of crisis behaviour to draw out the implications of his analysis for policy thinking (p 3) Richardson's definition of a crisis is as follows

"An international crisis is an acute conflict between two or more states, associated with a specific issue and involving a perception by decision-makers of a serious risk of war" (p 12)

This is a limited definition of a crisis since the notion of acute conflict implies a fairly short time scale when associated with a specific issue. The definition limits itself to states and to the serious risk of war. It is, therefore, a decision maker's view of a crisis, not dissimilar to Charles Hermann's classic definition of a situation which was unexpected, in which time is short, and which threatens key values (Charles F Hermann (ed) *International Crises*, New York Free Press, 1972) Since this definition of a crisis depends upon decision-makers perceiving it, either singly or together, it does not broach a crisis engendered by structural factors, often of a longer term, which may give rise to a crisis slide, described by Coral Bell in *The Conventions of Crisis*, London, Oxford University Press, 1971) whereby a number of crises develop over a period of time, each weakening further the major protagonists and the systemic framework, until the whole ensemble ultimately collapses. Britain in the post-war decades might be seen as being in a long-term crisis situation, as was summed up by Dean Acheson in that striking line, "Britain has lost an Empire but not yet found a role", which caused some offence precisely because it was so apt. Likewise, Switzerland in the Europe of the 1990s is a country in long-term crisis because of structural factors in its political, economic and social environment. Moreover, the nineteenth century European great power system, became involved in a crisis slide as the growth of nationalism created new and powerful states such as Germany and Italy, and undermined the viability of multinational states such as Austria, Hungary, later Britain and France, and finally, in our own times, the Tsarist-Soviet Empire. Richardson's definition, therefore, takes legitimately a particular form of crisis intended to exemplify everyday usage of the term by distinguishing "a crisis from a period of high tension..." (p 12).

In broaching this subject the author rightly identifies two theoretical schools, the one associated with strategic studies and characterised by strategic bargaining on an assumption of rationality, while the other draws more on conflict studies, and in particular, political psychology, contesting the basic notion of rational choice. While having something to say for both approaches, Richardson gives more credence to the latter, argu-

ing that there is rhyme and reason to decision-makers' behaviour in an idiosyncratically rational way, but not going so far as to embrace rational choice theory. The discussion of these views is set out clearly and cogently, drawing on an impressive command of North American literature on the subject. However, it is a pity that more use was not made of the conceptual literature and historical analysis by Europeans and others of what, after all, is their history.

By taking a number of case studies Richardson runs the risk of missing the influence of structural factors, because structures tend to have an impact over a longer period of time. In the longer time context one can see the balance of power at work and its institutionalisation in the norms underlying the concept of Europe. He explains how these norms acted as a form of conflict management, thus making the kind of crises he has analysed less likely to arise (p 228). His conclusion is that "the systemic context was of greater importance in influencing the general character of crises and in determining their outcomes" (p 235).

Sometimes crises give rise to counter-intuitive suggestions. For example, Richardson makes the point that "in most cases governments behave essentially as unitary actors, pursuing their objectives with a reasonable degree of coherence" (p 253), appear to be rational actors, although precariously so. It may be, therefore, that there is a greater proclivity towards 'rational' decision-making in a crisis situation than in the normal humdrum business of daily government, because one of the behavioural characteristics of a crisis is that decision makers perforce give the issue greater attention than they would otherwise. They are therefore obliged to break their normal routines, and in so doing are giving themselves the latitude to act rationally rather than being driven by standard operating procedures. Thus the popular image of frenetic activity buffeted by events may need to be tempered by the notion of a freedom from everyday events to think in a more cogent way about a particular problem even though the atmosphere may be tense and the outcome potentially disastrous.

After taking us through the literature on perception and bargaining in the context of his case studies Richardson sums up his findings in six points. He notes that "the overall state of the international system influences the probability of great power crises and of their peaceful resolution" (p [illegible]). It is no surprise to learn that "the objectives to which governments are committed play a major part in shaping the overall development of crises and the seriousness of a crisis depends on the extent to which the adversaries' objectives are incompatible" (p 330). But Richardson points out that "an important minority of cases, including three of those which ended in war, could not be understood in this way, because at least one of the parties was unable to define its objectives" (p 330). He also points to differences of

perception as being a major source, "often the major source", of different conceptions of national interest (p 330); and "the most important forms of misperceptions are the under or overestimate of adversary capabilities, the misreading of intentions and the failure to perceive the effects of one's own actions on the perceptions and reactions of others" (p 331). He finds that the major form of interaction in crises "can be interpreted as attempted bargaining" (p 331) and he observes that "Internal politics provides the key to many otherwise puzzling aspects of crises" (p 332). Finally, he admits to no general answer to the question of which crises lead to war or which cause may be more important (p 344). But he does observe that "crises are frequently more acute and dangerous than the initial situation might lead one to expect" (p 344). In conclusion, Richardson argues that "the essential principle of the structuration approach" in which "... structures predispose but do not predetermine outcomes" is his preferred approach (pp 350-51). This is perhaps a reflective conclusion rather than a demonstrated conclusion because it does not come clearly from the individual case studies, yet on reflection, it does bridge these case studies in a contextual framework which sheds light upon them.

In his final pages, Richardson sets out some principles for crisis diplomacy as he seeks to give advice to policy makers, a role which he had once been engaged in professionally in a research unit in the FCO, and the experience of which has probably influenced his analyses with a healthy dose of realism as to how it actually happens. His principlés for crisis diplomacy are unexceptional, but real for all that. They include multiple advocacy in decision-making, the limitation of objectives, the maintenance of flexible options, the central importance of achieving a correct perception of the adversary with an acknowledgement of the difficulty of doing so, and an awareness of the central dilemma of the problems of communicating and of signalling.

This thoughtful and reflective book, well-grounded in history and American international relations literature, is an important contribution to the field. It takes us through the processes of the crisis points of power politics among the Great Powers of the last century and a half. It is only a part of our work, but it is an important part, since it reflects upon what the big boys do when they get into a mess. What it does not do, and indeed what it was not intended to do, is to reflect upon the conditions for a working peace system among the Great Powers, or to reflect upon how other Powers managed their crises, but for the time being, we can rest more than content with the contribution that Richardson has made to the crisis diplomacy of the Great Powers since the mid-nineteenth century.

There is some overlap between the theoretical literature on decision-making that Richardson has brought to his

analysis of Great Power crises, and a number of the essays in the volume edited by Neack, Hey and Haney. The three editors aimed to design an "integrated, cohesive volume" which will be "a foundation text for advanced undergraduate and graduate foreign policy courses...as a 'state-of-the-discipline' book" (p. ix). In claiming to be a vanguard of the second generation, the editors, on behalf of their contributors, have adopted a rather self-regarding stance. In many ways they are more concerned with the evolution of the sociology of knowledge in foreign policy analysis (FPA) than with advancing knowledge in the sub-field. The contributors are all North American and the world that is their oyster is also North American, indeed, rather painfully so. They exemplify the reasons for Holsti's lament more than a decade ago that North American IR was becoming increasingly isolated from the world in conceptual and empirical terms and turned in upon itself. The editors claim to be the second generation of scholars working in the field of FPA, the first generation having been identified more with comparative foreign policy (CFP). Yet it is hard to conceive of a second generation of scholarship, particularly with the plethora of citations drawn from the scholarship of the 1960s, seventies and eighties, and particularly the seventies, which quite clearly goes far beyond the bounds of CFP. The editors, however, sum up second generation FPA in the following manner. It "is conducted using a wide variety of methodologies embracing a diversity of quantitative and qualitative research techniques. (it) draws from as many critical theoretical perspectives as it draws from methodologies -- the need for a paradigmatic core and central methodology is rejected as unnecessary and diversionary. (it) rejects simple connections and considers contingent, complex interaction between foreign policy factors. (it) draws heavily upon insights generated by comparativists and area specialists and more systematic and consistent attention is given to non-American cases ... while its adherents are conscious of the contextual parameters of their work and explicitly seek to link their research to the major substantive concerns in foreign policy" (p. [illegible]).

Foreign policy analysis has been somewhat in the doldrums over the last decade but it cannot be said that this volume is convincing evidence that it is now out. There are aspects of FPA that are quasi universal such as decision making theory but there are many other conceptual hurdles which need to be overcome. What, for example, is foreign policy? With whom and by whom is it conducted? What is its place in a world of complex interdependence and a growing degree of globalisation, not to mention global problems? What importance should be attached to the inter-state boundary, when and in what sort of instance? At one level, of course, we all know what foreign policy is, but at another level, a professional level, as academics, we need to define it rigor

ously in each academic enterprise. It is a pity that in this volume this range of issues has not been tackled because it forms an intellectual background to many of the contributions. The authors do not, on the whole, stray outside the state-centric quasi-realist framework, which is a part, but only a part, of the real world.

A volume such as this, by many hands, cannot fail to generate some intriguing insights, several of which bear noting. For example Jerel Rosati's analysis of cognitive approaches to the study of foreign policy is an admirable summary to thrust into the hands of students. Perhaps the only genuinely second generation essay in the volume is that of V Spike Peterson on "The Politics of Identity and Gendered Nationalism". As she concludes, "a gender-sensitive analysis improves our map of nationalism. It illuminates the processes of identity formation, cultural reproduction, and political allegiance that are key to understanding collective identities and their political effects. It also improves our understanding of domination dynamics... The gender hierarchy of masculine over feminine and the nationalist domination of insiders over outsiders are doubly linked... Nationalism is gendered in terms of the *construction* of group identity (allegiance to 'us' versus 'them')."

Bruce Moons's contribution on realist and alternative theories of the state is a valuable one. His is one of the few essays that ventures outside the North American developed country framework, particularly in his analysis of the origins and behaviour of the peripheral state. He points out that such states with their colonial heritage and frequently poorly developed economic and political capabilities have a different sort of foreign policy behaviour from the organically created European state. As he comments, "If the state is not deeply rooted in the social, cultural, and political identity of the nation, one prominent explanation of foreign policy behaviour is undermined. State personnel will identify less with the nation than with the state. Connections between state and society usually grow, but the gap is likely to remain wider in the periphery than in the core. ...Maintaining legitimacy is a persistent challenge for a state with such an ambiguous identity. In such a setting, the state frequently will look to foreign policy to meet this legitimation function" (pp 192-193). He concludes, therefore, that "foreign policy outside the core is more likely to be a tool to achieve domestic goals than a means to the outcomes emphasised by realism... Because peripheral states possess few of the capabilities classically associated with power politics, it is often thought that their foreign policy activity will be similarly limited. To the contrary, peripheral states are very active in foreign policy (which) remains absolutely critical for the goals of the non-core state.. (and thus) is less prone to external influence than theory might otherwise suggest... An overly compliant state loses domestic legitimacy" (pp 198-199). Moon is

pointing in a direction where there is a lot to do for the North American second generation.

Of these four volumes, those by Hamilton and Langhorne, and Richardson are substantial, indeed, major contributions to the literature. Berridge has offered a good, work-a-day course book for students, and the Neack, Hey and Haney volume is a curate's egg. But what do they offer us substantively? Clearly, diplomacy is still an identifiable, functioning, and sometimes important part of global politics, fully worthy of study on its own terms and in its effects on global politics. We need look no further than Hamilton and Langhorne for a comprehensive and erudite account of the evolution of the institution and practice of diplomacy. Thanks to Richardson we have a modern insight into crisis diplomacy, modern in the sense that he fuses together in an illuminating manner, his historical case studies with North American decision-making theory and foreign policy analysis. However, despite the claims of Neack, Hey and Haney, the second generation of FPA scholarship in North America is but fitfully upon us. But, this is all a tale of the Western world — as though the rest might not exist. It does, and unless we make ourselves better aware of it, it will be upon us in ways perhaps not always to our liking. It is ironical that Western studies of international relations in the medium of English, of all subjects, should be so parochial. This is not to discredit the welcome contribution of these authors, but to call for a contribution from others with a wider horizon.

ASSIGNMENT COLOMBO

J N Dixit

New Delhi Konark Publishers [illegible]

By RAMESH BABU

J N Dixit's *Assignment Colombo* is an insider's account of the making and the unmaking of the India-Sri Lanka Agreement of July 29, 1987. As the country's ambassador and trouble-shooter on the spot, Dixit played a larger than usual role in a significant, though unsuccessful chapter of the important yet extremely complex Sri Lankan Tamil issue whose antecedents date back to colonial times. He worked closely with Rajiv Gandhi and is widely perceived to be one of the key players in the shaping and implementation of one of the most active interventionist phases of India's policy towards Sri Lanka.

Dixit tells us again and again how close and intimate he was with President Jayawardane. He tells us how protocol was set aside in his case, how he never had to wait even for a moment on arriving at the Presidential palace, how he was usually received in Jayawardane's private quarters, and how he very graciously walked him to the door even when the meetings that pre-

ceded were "explosive" and tension ridden. The account of his meetings with President Premadasa present a picture in contrast. Dixit was made to cool his heels and was invariably lectured to in a seemingly harsh tone, according to the Indian envoy. How much of this was due to differing personalities, Premadasa's unconcealed hostility to the Accord from his days as cabinet minister and Dixit's own perception, one doesn't know for sure. In a way this is ironic. Dixit was a mute witness to the crumbling of the Accord which he helped so much to put in place. That certainly is part of the occupational hazards of office for top policy makers everywhere. If they claim credit for the "achievements", they cannot escape blame for the "failures".

The Accord certainly was a failure. Dixit himself admits that "the sabotage" began as soon as it was signed. It is indeed amazing that so much energy and effort, and the intelligence of so many leaders and top officials went into what turned out to be so ephemeral and fragile. Dixit's memoirs, unfortunately, do not tell us a lot more than what is already widely known to the close observers of the international and diplomatic scene. The reader will go through the pages of the book in vain for clues to the many imponderables in the negotiations prior to the Accord. One example may suffice. Why did India become a signatory to what normally should have been an agreement among the various Sri Lankan actors and their country's government? This is an issue of considerable significance. What made India take on the role of the guarantor and implementor of the Accord? At what stage of the negotiations, at whose behest and by what process of internal consultation did India make such a crucial decision? Dixit's account offers no evidence of any internal debate at different political levels prior to the momentous decision to undertake military involvement in a neighbouring country. For all we know, may be there was no debate.

Did the LTTE and the other Tamil groups want India to underwrite the Accord? I could find only a passing reference to the vital decision (p189). When Prabhakaran asked why India was signing the Accord, Dixit countered by asking, Didn't you want it? Dixit goes on to add that Prabhakaran did not respond. He remained silent. The import is obvious. But Dixit's account does not reveal whether the Indian side realised the implication of Prabhakaran's silence. Maybe the top Indian leaders (including Rajiv Gandhi) did not consider his opposition or dissatisfaction to be worth consideration. They were probably confident that they could manage "our LTTE boys". Once Prabhakaran reached his jungle hideout, he came out in the open with his militant opposition to the Accord and wasted no time in undoing it. Prabhakaran was not alone in "sabotaging" the Accord, as Dixit tells the sad story that unfolded soon afterwards.

Dixit's book only whets one's appetite for more insights into the murky

issue of the Sri Lankan Tamils. A large number of the *dramatis personae* on both sides were assassinated or are no more. There are several others who are alive and well. Maybe some day they will tell their stories. In the meanwhile we can only hope that much of what Dixit records will withstand the test of time and other first hand accounts of the complex reality. However, we should be grateful to the former distinguished ambassador to Sri Lanka for his version of what he saw, and what he knew and chose to tell.

THE GENESIS OF CHINESE COMMUNIST FOREIGN POLICY
Michael H Hunt

New York: Columbia University Press, 1996
pp343

BARBARA BARNOUIN

This book is a history of China's foreign relations during the first half of the present century. In a remarkably smooth manner, it links internal concerns with foreign policy, highlighting the extent to which important twentieth century issues can be traced back directly to the traumatic encounters with foreign powers during the nineteenth century. This history, the author rightfully asserts, is essential, not accidental to the evolution of Chinese thinking and activity in foreign policy. The "patriotic impulse" as it materialised during th[e] May 4 movement can be viewed as [a] direct response to the internal and external crises of the period.

The Chinese perception of imperialism and its influence on the thinking of Nationalists and Communists shaped much of the political activities in China in the 1920s and 1930s. Both political forces were geared towards the task of strengthening the country through unification and through liberation from foreign influences. In this process, the Soviet Union was seen as the only power capable and ready to assist the emerging forces.

The special relationship with the Soviet Union and the complicated cooperation between Comintern, the Nationalists and the Communists is analysed in great detail. The author shows how the official CCP leadership — despite such disastrous setbacks as the Shanghai massacre of members and sympathisers of the Communist Party by Chiang Kai-shek's forces — continued to follow Stalin's instructions. It was only in the late 1930s and the early 1940s that Mao gradually pushed the party towards political autonomy from the Soviet leaders. This was done behind the scene while in official statements Mao endorsed the Soviet foreign policy decisions. He used the deep Soviet entanglement with Germany and the dissolution of the Comintern to develop a two-pronged strategy. While on the one hand he continued building independent base areas with the goal of fostering a revo

lution which, he declared, had to be distinctly Chinese, Mao, on the other hand, was ready to collaborate in the united front only under the condition that the CCP continued to maintain its political, military and territorial autonomy. This determination was even further reinforced after it became clear to the CCP that the Soviet Union — having signed a non-aggression pact with Chiang Kai-shek — was more intent on strengthening than on restraining the Nationalist regime.

The author devotes considerable attention to Mao's perception of the United States as a potential partner to be gained on the Communist side by exposing the inefficiency of the Nationalists in containing the Japanese. Revising his concept of imperialism, he and his colleagues in Yanan, Hankow and Chongqing developed the concept of people to people diplomacy which paid careful attention to western reporters, diplomats, scholars and military men who were likely to make the CCP known outside China and testify to its virtues. Hunt shows that it was principally American anti-communism — rampant in official government circles in the late 1940s and 1950s — that impeded the development of relations between the United States and Communist China even after the defeat of the Nationalist regime.

One of the most important points the author makes is the domineering stance of Mao Zedong in domestic and international affairs. He shows how Mao, with his rise to prominence, laid down a series of basic policies, each of which had ramifications on foreign relations. He decided to enter the Korean war — overruling serious reservations among his colleagues. But despite his unchallenged position, he nonetheless sought consensus among his colleagues — at least in the early years of the People's Republic — before requesting the endorsement of the Politburo for his political decisions. Over the course of time, Mao increasingly became the key element in the Party's domestic as well as foreign policy. It was he alone who set the parameters in which his subordinates such as Zhou Enlai had to function.

It is to the author's credit to have critically analysed the state of studies on CCP foreign relations. He points out the difficulties Chinese scholars have to face with history frequently reinterpreted to serve current political needs. The result is not party history but party mythology. Even though the recent availability of documentation — mostly in the form of memoirs and documentary collections — has considerably broadened historical perspectives, access to archives still remains tightly restricted. Moreover, many issues continue to be politically sensitive and practically all are approached from the angle of China-centred patriotism. The author omits to mention that although institutions involved in the study of international relations have proliferated in recent years, none of them has the mandate to focus on Chinese foreign policy. This remains

the monopoly of a few Chinese writers who have published their findings mostly in the West.

Hunt's treatment of the inadequacies of political science approaches, which have dominated American studies on China's foreign relations, is refreshing. This seemingly sophisticated approach, on the whole, contributes little to the understanding of Chinese policies in general, and foreign policy, in particular. The author also probes into the usage of antinomies as tools of an analytical framework, using either/or categories such as "idealistic" versus "realistic" policies, "domestic determinants" versus "the international system", "pragmatic" versus "radical" policies, etc. Hunt's book ends with a useful guide to literature, which is extensively quoted in numerous notes. It is unfortunate that a bibliography is missing. It would have been useful to help the reader to find his way more easily through the abundant sources incorporated in the notes.

JAPANESE DEMOCRACY, POWER, COORDINATION AND PERFORMANCE

Bradley Richardson
New Haven and London: Yale University Press, 1997, pp325

MARLIS STEINERT

Bradley Richardson's study represents an interesting attempt to compare the functioning of Japanese democracy to that of other major industrialised countries. The importance and perhaps the originality of the book lies in the fact that the bulk of the existing literature on the subject has focused more on Japanese exceptionalism than on a comparison with other parliamentary systems.

The author's analysis of the Japanese power system is developed around two basic models: the "vertical" metaphor and the "horizontal fragmented" one. While in the first model developed in the seventies by one of the first female university teachers, Chie Nakane (Richardson just mentions her in a footnote) the bureaucracy is the main directive force in the governmental system, in the second, power is fragmented. According to the author, the dominant party and the bureaucracy are confronted with other competitive forces as interest groups, other parties, etc. Even the Diet may be a place of contention and conflict. Richardson's approach is thus more process oriented than structural or institutional. It reflects mostly recent works but does not neglect certain important older researches. Also he uses the press extensively in order to stress his arguments. But to find his references and sources one has to rely on the footnotes. A bibliography is badly missing.

For him, the political culture of Japan is dominated by "twin process dynamics" (p7), where an endemic potential conflict is contained by the traditional concern for consensus. In his reflections and analysis, the author familiarises the reader with the electoral

behaviour and the particularities of the "1955 System" (p49 f) characterised by the long stay in office of the Liberal Democratic Party (LDP) until 1993. The latter retained its organisational integrity for nearly forty years, but internally it was often torn by conflicts, fragmentation and crisis. As for the executive and bureaucratic power, even when the prime minister and the cabinet have substantive formal powers, the political leaders of Japan depend heavily on the administrative bureaucracy to conduct matters of state and economy. But there is less direct party control of bureaucratic appointments than in Great Britain, France and the United States. According to the author, "Control over administrative appointments within ministries is a matter in which bureaucrats, not politicians probably hold the upper hand" (p102). Due to this and multiple intraparty and extraparty pressures, Japan had mostly a weak leadership — as the revisionists truly claim — but this "Weakness was the result of responsibility to too many power centers, not an abdication of irresponsible government" (p104). Thus the primary function of the prime minister was reduced to that of an arbiter and the role of the government elite seems to have been "more reactive than assertive" (p106).

From the twelve major ministries and several agencies attached to the Prime Minister's office, the most well known are the Ministry of Foreign Affairs, (the *gaimusho*), the Ministry of International Trade and Industry, the legendary MITI and the Ministry of Finance. A great number of studies have been devoted to them. There are three views on the role of the Japanese bureaucracy. The first attributes an enormous and often decisive role to it in the policy-making process. The second concentrates on interaction and accommodation with other political players. And the third view limits itself to the economic ministry's influence of setting a general policy framework, that is sometimes influenced by party control. Western journalists coined the term, Japan Inc., meaning that Japan's great strength as a trading power is due to the leadership of ministries like MITI and its close relationship with the government and big business. There is evidently some truth in this if we take into account Japanese preference for extensive, informal consultation. But it omits inter-ministerial conflict. And the role of the Diet is not as negligible as it has often been alleged.

Richardson cannot deny the influence of big business in the Japanese political system from 1955-1993. But he tries to nuance the relationship between government, bureaucracy and business, depending on the background of the presidents of the LDP (former local politicians), or on different types of business and foreign policy settings. He thus challenges a series of aspects of the vertical model and comes to the conclusion that, "Overall, politics conforms better to the horizontal metaphor than to the vertical one." He underpins his findings with the comparison of other

rliamentary systems. He defines Japan a bargained distributive democracy, here negotiated cooperation is more mmon than coercion as it is the case a "programmatic democracy" where rties and policy-making are normally ntralised He ranges Great Britain and ance and to a certain extent the United ates in this category According to him, nly the former West Germany and ly have to be as decentralised as Ja-n" (p246). As for the foreseeable tu-e, the author predicts "if the present litical arrangements continue in force, an will have pluralistic political rule d a much less stable political system n under LDP domination" (p266)

Is it not possible for an astute ob-ver of the Japanese political scene and iety to reach this conclusion without ig complicated policy-science oriented dels? And are his efforts to stress the izontal, decentralised aspects of the anese political system convincing ough to destroy the vertical metaphor he main explanation for the function-of Japanese social and political life?

BRUSH WITH LIFE

Autobiography of Satish Gujral
Delhi Viking Penguin India 1997,
65

KAPUR

atish Gujral has become one of India's leading painters, muralists and archi-tects And yet he was not marked to reach such artistic heights by his envi ronment or the background of his fam-ily or the handicap of his deafness, which he has suffered since childhood This is the story of how a small-town, handi-capped child grew up to become a per son of considerable accomplishment substance and renown The secret of this dimensional transformation still bewil ders many who, like this reviewer, have known him from childhood Was this due to his refusal to accept his deafness and the difficult future that awaited him Or was this due to the turmoil of the freedom movement, in which his family was involved In all probability it was the combination of these factors that shaped his personality His desire to express himself was great but the only means which became available to him was through his brushes And what was missing in the techniques was compen sated for by his fire and determination powerfully expressed in his paintings of the period of India's partition and the suffering it brought to millions of people

His visit to Mexico further enlarge his horizon through contact with the shining stars of that country such as Octavio Paz, Diego Rivera, Siqueiros Orozco and others A combination of handicap, suffering, enlargement and success, all contributed to what Satish Gujral represents today

With an earthy sense of humour and common sense, he set upon the world as though on a crusade His complex personality needed new avenues of ex

pression, for which he created many new forms including paint, wood, ceramic, stone and brick. And what he could not express on canvas or through his murals, he did through architecture

Through the years, Satish has acquired a large circle of friends, wealth and fame, and a contempt for those who did not measure up to his standards or otherwise cross his psychic frame This aspect is well expressed in his book While he was struggling upwards in the field of art and later architecture, his brother, Inder Kumar Gujral was progressing through the mainstream of the Indian political system to arrive at the pinnacle of power as the prime minister of India The frequent interaction of the brothers and support for one another contributed in a way to the emergence of two significant personalities in two diametrically different spheres, reaching a point where everything begins to converge This in many ways is reflected in the first and last few chapters of his book, where the circumstances of his family, along with his own struggles and successes, coincided with those of his brother to give Satish Gujral the strength to take on any challenge. It is hoped that destiny will continue to support his flight into unknown spaces where the human mind, unfettered by limitations to creativity, reaches out for a new destiny We will watch this with interest.

I have known Satish all his life. His autobiography could have been a monumental volume, but the manner in which it has been presented makes it appear that in the process of his ascendance he has dropped many burdens, which often hold our lives hostage. Having overcome his handicaps with achievements beyond his dreams, he is now in search for a meaningful life This transformation from despair to fulfilled dreams makes the volume an enchanting reading The pictures included in the volume in a sense exhibit the forces which destroyed his innocence and launched him on a creative path They also represent the process of change, transforming his anger to pleasure, delight, and a thrill for living. All in all, his life displays the potential of an independent India's struggle for survival and its pact with destiny

THE FALL OF THE ROMANOVS: POLITICAL DREAMS AND PERSONAL STRUGGLES IN A TIME OF REVOLUTION

Mark D Steinberg and Vladimir M Khrustalev

New Haven and London Yale University Press, pp 444

HARISH KAPUR

This is a work of rigorous scholarship on the last Russian Czar, Nicholas Romanov, and his family. Though much has already been written on the arrest, captivity and the execution of the royal family, the book under review has the meritorious quality of

being based on unpublished Russian archives. The two authors, Steinberg (American) and Khrustalev (Russian) have avoided the temptation of focussing on the mystery that still surrounds the assassination of the Romanovs, and have delved extensively into the broad historical backdrop that led to their tragic end. They have systematically sifted the archival documentation to ascertain "the ideas, values, perceptions and sentiments with which the facts were intertwined". (p2)

The intellectual portrait of Nicholas and his wife Alexandra, with which the authors begin their study is revealing. Though Nicholas was intelligent and educated, possessing great compassion for the people, the portrait highlights his autocratic tendencies, his conservatism and his constant opposition to all the political changes taking place in tumultous Russia - to the democratisation of Russian institutions, to the popular 1917 February Revolution, to the Duma, to the political parties, etc. The portrait of Alexandra, Nicholas' wife was even more merciless. A German Protestant converted to Russian orthodoxy, she continuously goaded Nicholas to be more repressive towards everyone who did not see eye-to-eye with him.

If one were to add to all this the portrait of the Siberian mystic, Rasputin, who had an evil influence over the Czarina, and through her, over the Czar, it is not surprising that it was hardly possible for the Romanovs to survive politically. Clearly, they were against the trends of the epoch -- an epoch that was tumultuous, vibrating with massive demands for political and economic mutations.

After their arrest the Romanovs were finally assassinated, but their fall was not only physical. The book describes in a masterly fashion their comfortable detention at Tsarskoe Selo (near Petrograd) and then not so comfortable captivity in Tobolsk (Siberia).

The last part of the book is devoted to the circumstances that resulted in their assassination. It is here in this section that this reader was disappointed — not so much with the research as with the uncertainties still surrounding the tragic event. For despite the availability of historical archives the authors were unable to determine as to who gave the orders for their assassination: was it the Soviet Government in Moscow, was it Lenin personally as alleged by some, or was it the radical Ural Bolsheviks who decided to execute Nicholas and his family on their own authority?

On this precise and undoubtedly key issue, an area of darkness shrouds the event. We are indeed still in the dark and will probably remain so in the future, for if neither the archival documentation nor the years that have gone by have helped the two authors to unravel the mystery, leading them to admit that their narration of the final days of the Romanovs was "based on a fair measure of deduction and imaginative speculation", (p294) there is no guaran

tee that we will be any wiser in the future.

Here is thus yet another example of the inability of the archives – important as they are to study history – to tell us the exact sequence of events, or lift the mystery that surrounds many historical events.

ECONOMIC PROGRESS AND PROSPECTS IN THE THIRD WORLD LESSONS OF DEVELOPMENT EXPERIENCE SINCE 1945

H W Singer and Sumit Roy

Edward Elgar Publishing Ltd, UK 1993
pp18[illegible]

SHRI PRAKASH

The book under review has attempted to articulate the lessons of Development Experience for the Third World during the last 52 years. Its major hypothesis is that reliance on neo-liberalism or a free market philosophy should be combined with appropriate government regulation and intervention to produce balanced and sustainable development, which is understood to include mass upliftment and enrichment of social consumption, education, productivity and quality of life, eg, improvement in healthcare and access to media.

The analysis put forward in the book by the authors, Singer and Roy, is constructed around three essential conclusions. First, the disastrous consequences of the 1930s Great Depression have to be avoided, when competitive devaluations, heavy deflation, rising unemployment and protectionism caused world trade to decline in value by 65 per cent and in volume by 25 per cent between 1929 and 1933 (p11). Secondly, it has to be realized that one of the important causes for the present day scarcity of capital in third world countries is the failure of developed nations to give them official aid equal in value to one per cent of GNP as agreed at the Bretton Woods Conference. The third world was thus deprived of at least 60 billion US dollars every year (p174). The third conclusion of the book is that private inflow of capital constituted about 70 per cent of total financial inflows into the third world after 1945. Due to the inefficient import substituting strategies of third world governments these investments went mainly into making luxury goods previously imported, and not into vital areas of infrastructure (p21).

The solutions proposed by the authors is to raise the rate of domestic savings in the third world by reducing military expenditure, by greater state intervention and investment in HRD and infrastructure, by avoiding the reduction of fiscal deficit and subsidy as suggested by the IMF's Structural Adjustment Programme and by adapting the market system to the different situation and capacity of each country (p172-174).

One of the singular deficiencies of the book is that it fails to notice the vastly different nature of the global

economy today when compared with the 1930s. What happened in the 1930s due to competitive devaluation did so in the context of relative capital scarcity. Today, when the global economy is flush with hundreds of billions of dollars' worth of surplus capital, and several countries have immense purchasing power, devaluation often enhances capital flow into a country and makes its exports more competitive. When the scale of technology has been so expanded that increased profits are dependant mostly on increasing the volume of sales, deflation within limits increases the real value of the consumers' incomes by adding to their purchasing power, thus helping to widen the market. In these times of GATT, the Uruguay Round and the WTO, it is the reduction of tariffs rather than protectionism which is the main trend. It has been estimated that average tariffs among GATT industrialised nations were reduced from approximately 40 per cent in the late 1940s to five per cent in the late 1980s (Industrial Development Global Report, 1995, UNIDO, p101). Due to the different situation prevailing at present, unlike in the years before and during the Great Depression, world trade volumes have grown by significant margins in the 1950s, 1960s, as also in the 1990s.

It has also to be realized that in a period when revenues earned by third world countries are growing much more slowly than their expenditure causing fiscal deficits to increase, social welfare and infrastructure development expenditure has to be undertaken cumulatively by the Public Sector and the Private Sector, often in competition with each other.

At a time when globally usable resources and production are much less than the demand for mass goods, including education, healthcare, etc., and are likely to be so for many years to come, competition is the only way to lower average prices for the consumer and encourage greater production. Given a situation of scarcity, it is also necessary that government expenditure gives first priority to the weaker sections of society and withdraws the subsidy going by default, if not intention, to the rich. It is also the case that in such conditions a net inflow of foreign capital and/or direct investments adds to the investible funds, productive capacity, technological level and export potential of third world countries.

The case studies, taking Nigeria and India as examples, illustrate the inefficacy of relying mainly on import substitution and deficit financing strategies of development. In Nigeria's case an inability to raise the rate of domestic savings to adequate levels, and lower the level of indebtedness due to indiscriminate import of consumer goods prevented sufficient investment in export industries with a value added component, which would also create a demand for concurrent investments in the infrastructure. In India, Nehruvian insistence on constructing basic industries like steel, power generation and higher education

provide a better base for domestic industrialization. However, failure to attract foreign investments from abroad and raise productivity quality to international standards prevented exports from growing. Growth was much less than both requirement and expectation. India's closed economy was partially opened up after Rajiv Gandhi started a programme of economic liberalization. However, this process needs to be taken much further by promoting integration with the global economy in a beneficial manner.

THE CLASH OF CIVILISATIONS AND THE REMAKING OF WORLD ORDER

Samuel P Huntington

Viking, Penguin India, 199[illegible] pp 367

GIRIDHARI LAL PANDIT

Of the numerous studies regarding the survival of the species, *homo sapiens*, the one under review makes a powerful analysis.

At a time when new realities are replacing the old ones this book makes a timely contribution to our understanding of contemporary international relations. By using Thomas Kuhn's methodological framework for the understanding of the changing scientific understanding of the natural world introduced in his book, *The Structure of Scientific Revolutions (1962)*, Huntington has, no doubt, raised the analysis of issues to a new level. But what could be the justification for looking at the changes in international politics, in the distant past and at present, as if these were changes in world-views, when new paradigms based on new realities are dislodging the familiar models dominating world affairs?

Has the collapse of the communist bloc and the displacement of the dominant bipolar paradigm resulted in a new way of conducting international relations? Does it tell us how best the nation states might conduct them in the 21st century? Are we witnessing any such revolution? In other words, what are the new realities of the post-Cold War era?

Huntington describes the newly emerged paradigm in which the world order reveals its rich civilisational realities which had not found their proper recognition in our traditional international political perceptions. Under this new paradigm, we can freely allow ourselves to perceive world affairs in terms of our own cultural or civilisational interests. If the nation states remain the principal actors in world affairs, as Huntington reminds us, and if their behaviour is shaped as much by the pursuit of power and wealth as by cultural factors, then they must adapt themselves to the newly emerged world order, called the world of civilisations. Locally our perceptions of power, wealth, convergent and divergent interests may undergo significant change from time to time. But when the world order, as a whole, changes radically, this should be reflected

in our very behaviour. The biggest challenge mankind faces under the new paradigm is described by Huntington (pp 183-298) as the clash of civilisations

The main idea is, that Fault Line Wars could bubble up between small groups of communities or states lying at the bottom of those lines which connect them to major civilisations living on top of a hierarchy Such wars have naturally the potential of flaring up into major wars. The conflict among Croats, Muslims, and Serbs in the former Yugoslavia is cited as an example of this Among other examples, Huntington explains the tragic events of what we perceive, locally, as a proxy war waged by Pakistan in Kashmir Huntington states that Pakistan provided explicit diplomatic and political support to the insurgents and, according to Pakistani military sources, substantial amounts of money and weapons, as well as training logistical support, and a sanctuary. It also lobbied other Muslim governments on their behalf. By 1995 the insurgents had reportedly been reinforced by at least 1200 *mujahedeen* fighters from Afghanistan, Tajikistan, and Sudan equipped with Stinger missiles and other weapons supplied by the Americans for their war against the Soviet Union (p 274)

In its historicity, Pakistan-engineered insurgency in Kashmir goes back 50 years to the similarly engineered tribal invasion of the valley in 1947 If it is to be explained as a Fault Line War, it cannot be taken as limited to Kashmir It must be taken as aimed at the whole of India with its large Muslim population As a civilisation in its own right, India should, therefore, wake up to the new realities challenging it within its own territory By its very nature and implications this kind of analysis may serve well the cause of international relations in the future But by its very methodology, it excludes complexities of historicity, at least in the case of Kashmir It is recent history that the weapons supplied by the Americans to the Afghans and Pakistanis to fight the Soviet Union have found their way into Kashmir This was only to be expected by sheer proximity of these countries and also by virtue of the central Asian region being a traditional hot spot In that case, the tragic situation in Kashmir the uprooting of so many Kashmiri men, women and children from their homes cannot be explained simply as Fault Line War and is therefore an anomaly in the World of Civilisations paradigm

As a whole the book directs our attention to the major civilisations of the world to their need for survival and co existence, and to the need for developing strategies appropriate to the new realities of international politics Ideas of civilisational core states and regional powers are skilfully employed by the author to elucidate the new paradigm In this multi-civilisation paradigm, the UN and its many institutions may have to redefine their identities and roles in world affairs For example, the UN is no alternative to regional powers where peace and stability are concerned On

the other hand, there could be no better argument than the new paradigm for recognising India's importance for permanent membership in the UN Security Council, if the old rules of the game have to change. However, if we are to understand the new paradigm, we must make the following assumption: the major civilisations, having long survived the earlier exclusivist oppressive paradigms, are lying low as if waiting for an opportunity to reassert their power and potential for both clash and harmony. Could we not say then, that the oldest of the paradigms of international relations is back again? In a sense, the answer is yes. However, the most important contribution Huntington makes is this: he takes a normative turn by proposing rules for core states, which could enable them to promote international peace and greater equality among civilisations (pp 316,138, 321).

Thus, the book under review teaches us, both, what kind of world order we share and what kind of world order we can remake. The former is inhabited by many tribes, big and small, which we call civilisations. Without its search for self-identity and self-knowledge, no tribe could legitimately look for the commonalities between all tribes. The future survival of mankind is inseparably linked with the future survival of the world of civilisations. There is still hope, provided we make sincere and relentless efforts at soul searching. If we lose this opportunity, we may lose it for good. On the other hand, taking a normative turn, we can change the old rules of the game and argue as follows: That the world which has a task ahead for all equally, is certainly a far better place to live in and to conduct international relations in, than one world order which has a task just for the privileged few. ■

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DOCUMENT I

SINO-RUSSIAN STATEMENT

resident Jiang Zemin of the People's Republic of China and President Boris
Yeltsin of the Russian Federation held their fifth summit in Beijing on November
0, 1997. The two leaders held detailed discussions concerning the present
ituation and the prospects for bilateral relations and major international issues.
The meeting was a resounding success with the two presidents reaching a broad
onsensus on related matters.

he positive actions China and Russia have taken to build a multipolar world, and
new and comparatively perfected international political and economic order
ave received widespread acknowledgement from the international community,
nd have exerted a healthy influence on the international situation as the turn of
e century approaches.

The two sides will continue to develop friendly relations and cooperation
etween China and Russia and consider such relations as an important component
o ensure the security, stability and economic prosperity of Eurasia and the Pacific
egion. Sino-Russian relations are in no way targeted against any third country and
e two countries do not seek hegemony, nor expansion.

The two sides are extremely satisfied to point out that relations between China,
Russia, the United States and Japan witnessed positive development during the
ecent summit meetings between the nations. China and Russia believe that the time
hen countries forged alliances and engaged in strategic integration targeted against
third country has passed. All countries, especially major powers, should comply
ith the development trend towards world multipolarization, develop relations based
n the principle of mutual respect, and equality, being beneficial to all parties and
aking into consideration the interests of all parties. So doing will be of vital
nportance for ensuring world peace and development. The two sides are deter-
nined to work to reach this end.

China and Russia believe that in the new century, mutual trust, cooperation
n an equal footing and coherence of diversification between nations will
uarantee peace and prosperity for mankind. Concerted efforts are indispensable

for establishing inseparable global, regional and sub-regional security patter[n] which are oriented to the 21st century and ensure the equality of all parties

II

The heads of state of China and Russia solemnly declare that all points o[f] contention regarding surveying and demarcating the eastern section of the Sino-Russian border have been resolved according to the agreement signed on Ma[y] 16,1991. The demarcated eastern section of the Sino-Russia Border, whic[h] stretches some 1,200 kilometres, has been accurately marked for the first time i[n] the history of Sino-Russian bilateral relations. This constitutes the major achievement of the fifth summit between the two nations and was the direct result of join[t] efforts, mutual respect and consideration of each other's interests.

The two sides declare that they will complete demarcation of the wester[n] section (about 55 kilometres) of the Sino-Russian border within the agre[ed] period of time. They will also continue to negotiate for reaching fair an[d] reasonable solutions to a few remaining border problems in order to define th[e] entire common border.

The smooth demarcation of the Sino-Russian border represents a model fo[r] resolving problems left over by history in a fair and reasonable manner and in the spi[rit] of consultations based on an equal footing, mutual understanding and concession. The achievement will contribute greatly to peace, tranquillity, stability and prosperi[ty] in border areas of China and Russia, as well as to regional stability and th[e] enhancement of friendship and good-neighbourly relations between the tw[o] countries. It also accords with the common aspirations of the two peoples.

III

The two sides highly value the important role of the four previous join[t] statements signed by the Chinese and Russian heads of state in actively propellin[g] bilateral relations and in affecting the establishment of a strategic cooperativ[e] partnership based on equality and trust and oriented to the 21st century. The tw[o] sides reiterate that the principles laid down in the previous four joint statement[s] are of immediate significance and are of particular significance in the following aspects:

1. Strengthening trust, mutual respect, equality and mutual benefit, and non-interference in each other's internal affairs. The two sides agree that it is imperative to draw on the experiences and lessons of history, strictly abide by the objectives and principles of the United Nations charter and universally acknowledged norms of International Law, and exhibit mutual respect for the road to development chosen by the people in each other's country. The two sides respect and understand the efforts made by each other's country to safeguard national unity, sovereignty, territorial integrity and political independence.
2. Mechanisms for exchange visits by heads of state for regular meetings between premiers and consultations between foreign ministers, are conducive to enhancing mutul communication, and understanding, as well to expanding and deepening comprehensive cooperation between the two nations in various fields.
3. Reinforcing coordination concerning major international issues in order to allow the two sides to engage in joint efforts to safeguard world peace and promote international cooperation and development.

IV

Leaders of the two countries believe that joint efforts have resulted in the establishment of the foundation for treaties and laws as well as organizations for Sino-Russian mutually beneficial cooperation in such fields as economics and trade, investment, science and technology, and the humanities. In view of this, the heads of state of the two countries have instructed their respective ministries and commissions, enterprises and other organizations in their respective countries to adopt effective measures to substantiate the reached agreements with solid contents.

Both sides believe that on the basis of equality and mutual benefit and of realizing balanced imports and exports, and in view of the current market situations in the two countries, there are greater potentials for enhancing bilateral cooperation in the following areas.

1. Large-scale cooperation projects in the areas of natural gas, petroleum, nuclear energy, and the production and upgrading of energy equipment, and cooperation in the realm of civil aviation, machine-building, the peaceful use of outer space, chemicals, metallurgy, forestry, development and processing

of mineral resources, textiles, light industry, household electrical appliances electronics, food processing, production techniques and equipment

2. Cooperation in the banking, insurance and arbitration sectors. Improvemen of the quality of mutually supplied goods. Effective protection of intellectu property rights and the legitimate rights and interests of each other's countr legal and natural persons. Development of multitiered and reliable bilate information systems for the Chinese and Russian markets. Adoption of ste to rationally regulate labour exports, and establishment of other servi mechanisms in the economic and trade areas
3. Promotion of scientific and technological cooperation by introducing stat of-the-art high technology for production and basic research
4. Implementation of long-term large-scale cooperation projects in the tran portation and communication sectors, projects which are of bilateral region and global significance.
5. Encouragement of mutual investment, establishment of joint ventures ar establishment of economic and technological development zones and bond trade zones in accordance with related laws and current rules and regulatio in each country in order to promote economic cooperation and tr between the regions, especially between border regions on the basis of lon term coordination
6. The development of ties in the area of military technology is an importa component of bilateral cooperation. In this regard the two sides strictly abi by the United Nations charter and respective international obligation order to help safeguard security and stability in the region and in the wo as a whole. Sino-Russian cooperation in the field of military technology i no way directed against a third country
7. Expanding personnel exchanges and contacts in the cultural and educatio areas is of great significance for strengthening friendship and mutual und standing between the Chinese and Russian people
8. Cooperation in environment protection and improvement, joint preventio of cross-border pollution and rational and economical use of natural resour including cross-border water resources
9. Improvement of cooperation between judicial departments, including join efforts to crack down on international crimes.

V

The two heads of state believe that formal operation of the Sino-Russian Committee for friendship, peace and development, an organization which enjoys widespread participation and support of people from all walks of life and different age groups, marks a new and important step in developing the traditional friendship between the Chinese and Russian people. The committee's activities will help consolidate the tradition of Sino-Russian partnership, trust and good-neighbourliness

PRESIDENT OF THE
PEOPLE'S REPUBLIC
OF CHINA
JIANG ZEMIN

PRESIDENT OF THE
RUSSIAN FEDERATION
BORIS YELTSIN

NOVEMBER 10 1997 IN BEIJING

TEHRAN DECLARATION
The Eighth Islamic Summit Conference
The Session of Dignity, Dialogue, Participation
Sha'aban, 14,18 — December 1997

In the name of God, the Compassionate, the Merciful

And thus We have made you a justly balanced nation that you
may be the bearers of witness to the people and (that) the Apostle may
be a bearer of witness to you (Quran II: 143)

The Kings, Heads of State and Government of the Member States of the Organization of the Islamic Conference, assembled at the Eighth Islamic Summit Conference, the Session of Dignity, Dialogue, Participation held in Tehran, the Islamic Republic of Iran, from 8 to 10 Sha'aban 1418H corresponding to 9 to 11 December, 1997,

Stressing their full adherence to Al-Tawhid as the foundation for man's true freedom; and their devotion to the progressive precepts of Islam which provide a delicate balance between spiritual and material dimensions of human life and between liberty and salvation, based on tolerance and compassion, wisdom, justice and participation.

Affirming their strong determination to realize the purposes and principles of the Charter of the Organization of the Islamic Conference, in particular as regards the unity and solidarity of the Islamic Ummah, safeguarding of Islamic values and principles,

Determined to realize the legitimate aspirations of Islamic nations and peoples for peace and security as well as comprehensive, balanced and sustainable development through active participation and the realization of the fundamental right to self-determination of peoples under colonial or alien domination or foreign occupation.

Recognizing the importance of preserving the identity of the Ummah and of holding fast to their tradition and historical heritage as the main factor in cementing the fabric of the society and enhancing social stability,

Emphasizing the imperative of positive interaction, dialogue and understanding among cultures and religions; and rejecting the theories of clash and conflict which breed mistrust and diminish the grounds for peaceful interaction among nations,

Noting the transitional international environment and the enormous capabilities and potentials of the Islamic Ummah to play a constructive role in shaping a more just, equitable and peaceful global order,

Expressing their full confidence that Iran, under the leadership of His Eminence Ayatollah Khamene'i and the Presidency of His Excellency Khatami, will lead the OIC during its Chairmanship in the most able constructive manner, further enhancing the role and participation of the Organization in international affairs,

SOLIDARITY AND SECURITY IN THE ISLAMIC WORLD

1. Pledge solemnly to promote solidarity, peace and security within the Islamic world as their top priority, and to pursue consultations on a forum for security cooperation, and entrust the Inter-Governmental Expert Group on Solidarity and Security of Islamic States to study and recommend appropriate strategies and practical measures to achieve this objective.
2. Reaffirm their resolve to consolidate cooperation and coordination among the Member States and their expectation from all regional organizations within the Islamic world to take effective practical measures in order to expand cooperation in all fields
3. Emphasize that the goal of establishment of Islamic Common Market constitutes a significant step towards strengthening Islamic solidarity and enhancing the share of the Islamic world in global trade.
4. Condemn the continued occupation by Israel of Palestinian and other Arab territories including Al-Quds Al-Sharif, the Syrian Golan and Southern Lebanon; *salute* the steadfastness of the Palestinian, Lebanese and Syrian peoples in their resistance to the Israeli occupation; *call* for the liberation of all

occupied Arab territories and restoration of the usurped rights of the Palestinian people; condemn the expansionist policies and practices by Israel, such as the establishment and expansion of Jewish settlements in the occupied Palestinian territory, as well as acts to change the demographic and geographic status of the Holy City of Al-Quds, and emphasize the need for Israel to desist from state-terrorism which it continues to practise in utter disregard for all legal and moral principles; call for making the Middle East a zone free of all nuclear weapons and weapons of mass destruction and the necessity for Israel to join the Non-Proliferation Treaty and to put all its nuclear installations under IAEA safeguards

5. Underline their resolve and determination to regain the Holy City of Al Quds and the noble sanctuary of Masjid Al Aqsa and to restore the inalienable national rights of the Palestinian people, the exercise of the right of the Palestinians to return to their homes and property and the attainment and exercise of the Palestinian people to self-determination and the establishment of the independent and sovereign Palestinian State with Al Quds Al Sharif as its capital, and their right to leave and return freely to their country
6. Stress their solidarity with the Muslim people of Bosnia and Herzegovina and underscore their confidence that the Ministerial Contact Group will continue to actively pursue the process of peace and reconstruction
7. Deplore continuation of conflict and violence in Afghanistan and express their full support for inter Afghan dialogue, formation of a broad based government, and activities at the regional and international level to stop the bloodshed and to establish lasting peace in Afghanistan
8. Call for the rejection of the aggression of the Republic of Armenia against the Republic of Azerbaijan and complete withdrawal of Armenian forces from all occupied territories and early and peaceful resolution of the Armenian Azerbaijani conflict
9. Reiterate their full support to the people of Jammu and Kashmir in the realization of their right to self-determination in accordance with UN resolutions.
10. Strongly condemn terrorism in all its forms and manifestations while recognizing the right of peoples under colonial or alien domination or foreign occupation for self-determination, declare that the killing of innocent people is forbidden in Islam; reiterate their commitment to the provisions of the OIC Code of Conduct for combating international terrorism, and their resolve to

intensify their efforts to conclude a treaty on this issue, and call on the International Community to deny asylum to terrorists, assist in bringing them to justice, and take all necessary measures to prevent or to dismantle support networks helpful in any form to terrorism.

11. Pledge their commitment to extend full support to Muslim communities and minorities in non-Muslim countries in collaboration with their governments, and call upon all states to ensure their religious, political, civil, economic, social and cultural rights.

REVIVAL OF THE ISLAMIC CIVILIZATION AND IDENTITY

12. Consider the revival of the Islamic civilization a peaceful global reality; express their concern at tendencies to portray Islam as a threat to the world, and emphasize that the Islamic civilization is firmly and historically grounded in peaceful coexistence, cooperation and mutual understanding among civilizations, as well as constructive discourse with other religions and thoughts.

13. Reaffirm the need to establish understanding and interaction among various cultures, in line with the Islamic teachings of tolerance, justice and peace, denounce various manifestations of cultural invasion, disregard for religious and cultural traditions of other nations particularly as regards Divine values and principles, and *call* for the speedy conclusion of an internationally binding document to prevent blasphemy in accordance with existing decisions.

14. Entrust "the Group of Experts on the Image of Islam" to formulate and recommend pragmatic and constructive steps to encounter negative propaganda, to remove and rectify misunderstandings, and to present the true image of Islam, the religion of peace, liberty and salvation.

15. Welcome the increasing inclination towards the flourishing message of Islam in the world, and decide to take advantage of the technological achievements in the field of information and communications in order to present the rich culture and eternal principles of Islam to the whole of mankind.

COMPREHENSIVE, BALANCED AND SUSTAINABLE DEVELOPMENT

16. Consider sustainable and balanced development in the moral, political, social, economic, cultural and scientific fields as vital for the Islamic world, and

inspired by the noble principles and values of Islam, reaffirm their [illegible] determination to ensure the free exchange of ideas and the fullest participation of the broadest segments of the Islamic Ummah in various activities of society, reiterate their support for the aims and principles of the Cairo Declaration on Human Rights in Islam, and decide to undertake adequate measures to institutionalize and operationalize this declaration.

17. Invite the Member-States to make a collective effort towards substantial increase in trade and investments within the Islamic world and to put in place instruments including those decided within the context of COMCEC in order to expand the existing exchange of goods and services and transfer of technology and expertise.
18. Emphasize their full respect for the dignity and the rights of Muslim women and the enhancement of their role in all aspects of social life in accordance with Islamic principles, and call on the General Secretariat to encourage and coordinate participation of women in the relevant activities of the OIC.
19. Underline the need for coordination among the Member States to enhance their role and participation in the global economic system and the international economic decision making processes; reject at the same time unilateralism and extraterritorial application of domestic law, and urge all States to consider the so-called D'Amato Law as null and void.
20. Stress the need for environmental cooperation among Islamic countries in various fields at the bilateral, regional and international levels to achieve sustained economic growth and sustainable development as well as collaboration and coordination of positions regarding these issues in international fora.

INTERNATIONAL PARTICIPATION

21. Welcome the participation of the UN Secretary General, H.E. Kofi Annan, at the Tehran Summit as a sign of the excellent relations and cooperation between the United Nations and the OIC, invite the UN Secretary General to pursue reform of the United Nations in a manner that ensures maximum democratization of the decision-making within the UN system, and stress, in this context, on the need for a more effective and equitable role and representation of the OIC membership in the UN organs particularly the Security Council.

22 Emphasize that effective, constructive and meaningful participation of Islamic countries in the management of international affairs is essential for maintaining peace and security in the world, and establishing the new world order on the basis of equality, justice and share prosperity and promoting morality and Divine values and, in this connection, call upon the General Secretariat to facilitate effective consultation and coordination among Islamic countries in all international fora.

STRENGTHENING THE ORGANIZATION OF THE ISLAMIC CONFERENCE

23 Recognize that concerted measures to strengthen and revitalize the Organization of the Islamic Conference is also imperative, and express their determination to provide all necessary support with strong conviction to the ongoing process of reform and restructuring of the Organization to reach higher levels of efficiency and competence and enhance its effectiveness, operationalize and implement its decisions, and to constantly adapt the Organization with evolving international circumstances; mandate the "Open-ended Expert Group" in coordination with the Secretary General and the Chairman of the Organization, to study this issue with a view to achieving practical solutions

FOLLOW UP

24 Request the Chairman of the Organization to carry out regular and substantive consultations with member-states and take all necessary measures to pursue the implementation of this Declaration with the cooperation of the Secretary General

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LETTER FROM THE EXECUTIVE EDITOR

To mark the centenary of Zhou Enlai, we are devoting a part of this issue to him — to his personality, his character and his political role inside and outside of China. For this purpose, we invited contributions from people who had known him, or who had worked with him or who had written about him. The result is an interesting mix of views. While all of them praise Zhou's humanity and his remarkable role in international affairs, there appears to exist some doubts regarding his performance in China, whenever it was mired in turbulent crises. It has generally been argued that he avoided standing up to defend his views, and had the unfortunate tendency of going along with the opinions voiced and policies proposed by Mao Zedong, even when he had serious doubts regarding their viability. By adopting what was clearly a prudent attitude, was Zhou being opportunistically realist, or was he weak-kneed fearful of losing his position as many others did? In the different articles published in this issue, both interpretations have emerged, regarding Zhou's political behaviour in moments of crisis.

The other articles in this issue are: Russia's wrenching shift from a planned to a market economy, India's difficulties in coping with some aspects of its foreign policy, the emergence of the three Asias each of which is mired in serious problems within its region, and the terrible holocaust that marked World War II.

Post-Communist Russia is clearly faced with major difficulties while making the transition to a pluralist, politico-economic system. No one really knows how this new "Russian Revolution" is going to evolve.

India has two major foreign policy problems — the new problem of coping with the economic dimension of its foreign policy, and the predicament of

continuing the process of normalisation with China. The task of effectively mastering the economic dimension has been rendered difficult by the absence of any institutional mechanisms that would facilitate viable linkages between India's economic and political diplomacies; while the goal of accelerated Sino-Indian normalisation has become even more problematic by the unexpected and stunningly defiant Indian decision to take the nuclear option in its military strategy, as evidenced by the five underground explosions carried out in May 1998

The emergence of Central Asian nations as new international actors has altered the Asian landscape radically. We are now faced with three Asian sub-regions (Central Asia, West Asia and South Asia), each of which is entangled in a serious crisis All are heavily subjected to global pressures, emanating principally from the Western world Given the fact that some factors link the three of them, will they be able to construct a non-conflictual triangle of three Asias? It seems very doubtful, since what separates and divides them preponderates over what unites them

The holocaust of the Jews during World War II has marked the twentieth century Though there have been other genocides and massacres since then (Cambodia, Rwanda Burundi, etc), the Western world is clearly very affected by this horrendous tragedy a tragedy that has been a subject of an endless number of books, the most recent and the most important of which we have included in a review essay in this issue

May 1998 *Harish Kapur*
Geneva

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ZHOU ENLAI:

MASTER OF DIPLOMACY

In an exclusive interview with World Affairs, eminent writer Han Suyin, highlights three major aspects of Zhou Enlai, his role as a diplomat, his task of moderator in Chinese politics, and his feat of protector of people during periods of extremism

World Affairs (WA): *One of your recent publications is a biography of Zhou Enlai. What made you decide to write his biography?*

Han Suyin (HS): As I knew Zhou, many people in China suggested and encouraged me to write the book You know, the book has been well-received. In Taiwan, it has become a bestseller where four editions have already been printed.

WA: *Have you had opportunities of meeting Zhou Enlai?*

HS: Yes, a number of them. The first time I met him was in Geneva when he came to Switzerland with a very large Chinese delegation of about 150 people to participate in the Geneva Conference on Korea and Vietnam. Thereafter, I met him regularly whenever I went to China. If I remember well, I think I met him 10 times, with each of these meetings lasting many hours. This permitted me to know him well — his personality, his thinking,

his character, etc. You know, it is important to know the person about whom you are writing, otherwise what you have in front of you are merely documents. They are of course important, but they cannot replace the human dimension. Furthermore, to write his biography, I also met many other people – Chinese and non-Chinese who helped me to gather documentation, to conduct interviews, and to travel extensively in China.

Zhou's great asset in negotiations was that he was a great listener, which is also very Chinese. Besides, Zhou came from a family of intellectuals which also must have greatly contributed to his talent as a negotiator.

***WA:** One of the facets of Zhou's personality – for which he is known outside China – was his interest in international affairs and his remarkable deftness in conducting diplomatic negotiations.*

HS: Zhou was always interested in international politics. As you know he went to France and then to Germany where he began to take interest in what was happening in the world. It was perhaps during his stay in Europe that he developed a world view. Zhou's great asset in negotiations was that he was a great listener, which is also very Chinese. Besides, Zhou came from a family of intellectuals which also must have greatly contributed to his talent as a negotiator. It must be remembered that even before the 1949 Revolution, he had acquired great experience in negotiating. His negotiations with the Russians and with the Guomindang gave him the necessary skills. Zhou also negotiated with different American delegations which arrived at the Communist Party Headquarters in Yenan. So already, much before the Chinese Revolution, Zhou had developed the reputation of an expert in foreign affairs. It was, therefore, only natural and logical that he, in addition to other responsibilities as prime minister, was given the mandate to look after foreign affairs.

***WA:** Though the broad framework of China's foreign policy, presumably, was decided collectively by the party leadership, did Zhou have a wide leverage within that framework? In other words was his own role significant or was he constrained by the vision of the Party and Mao Zedong?*

HS: As I said, there is no doubt that Zhou played a crucial role in designing China's foreign policy. This was natural given the fact that he had a vast knowledge of foreign affairs, whereas the others did not have the same level of expertise. But he couldn't decide on his own. This is not how things functioned in the Communist Party. The broad framework was collectively decided upon by the party leadership. But within that framework he had a wide leverage — a leverage to act, and a leverage to shape strategy.

WA: *Do you know of any situations or circumstances where Zhou may have influenced Mao's thinking on foreign policy?*

HS: Zhou must have had an influence on Mao, if for no other reason but the sheer fact that Zhou was more knowledgeable about foreign affairs. He was familiar with the different configuration of forces operating in the international system. Mao respected Zhou's judgement, his analysis and his evaluations. But Mao also had his own views regarding the global international picture. Take, for example, the famous decision to open up to the Americans in the seventies. Clearly, it was Mao's decision, but once it was taken all the diplomatic input that went into the development of Sino-American relations was that of Zhou and his staff.

WA: *When one takes the gamut of China's foreign policy from 1949 until Zhou death in 1976, three major crises emerge: crisis with the Americans, crisis with the Russians and crisis with the Indians. How did Zhou handle these crises?*

HS: Zhou was involved in all three of them. The crisis with the Americans is easy to understand. First of all, they openly helped and financed the Chiang Kai-shek's government during the Chinese Civil War. And after the civil war, when Chiang Kai-shek went to Taiwan, the US government assisted the Guomindang. Two, they refused to recognise the new government after the Chinese Revolution. Practically the whole of the US establishment was up in arms against China. In fact, as you may recall, it was a frightening period of contemporary American history, when during the McCarthy era right wing Americans settled scores with those Americans who favoured a more normal attitude towards Communist China. And three, after World

War II, the US literally encircled China. They were in Japan, in Korea and in Vietnam after the French moved out.

WA: But all this did not stop the Chinese from maintaining more or less continuous contact with the Americans from 1954 until the Cultural Revolution.

HS: Yes, this is true. It was useful for both the parties to inform each other and test each other. This is a good example of Chinese flexibility. The Americans were considered their adversaries, and yet the Chinese maintained contact with the US to find out what they were thinking and to inform them of their own perception.

WA: Did you have any contact with the Americans on behalf of the Chinese?

HS: No. I did not have any contact with the Americans on behalf of the Chinese. You know, I was blacklisted by the US Government. And yet, despite this, I often went to the US and spoke to American audiences giving them some idea of what was happening in China.

WA: What about the Russians?

HS: We all know the history of Sino-Soviet relations. There were ups and downs. Though the Chinese considered the USSR to be their ally, they had no illusions about Russia. In fact, already before the 1949 Revolution the Chinese had come to the conclusion that the Russians wouldn't be much of help in the development of China, because they would be busy with their own reconstruction after World War II. So China kept its options open vis-a-vis the Americans. The Chinese leaders had begun to advocate — already at that time — the establishment of a mixed economy and the opening up of China to the outside world. The opening up of China has been attributed to Deng Xiaoping, but don't forget Zhou and Mao were already thinking and talking about it even before the revolution. Since the collapse of the Soviet Union, Sino-Russian relations have improved considerably. The border problem with the Russians in being resolved, and many countries of Central Asia that were a part of the Soviet Union have resolved their border problem with China. Border agreements were concluded in 1997 with Kazakhstan and Kyrgyzstan. So China has developed good

relations, not only with Moscow, but also with the former Soviet territories which have become independent.

***WA:** What about India?*

***HS**:* Zhou had very warm feelings for India. The border crisis was unfortunate Frankly, the Chinese did not instigate the border conflict it was Nehru who took the first step Remember his famous remark that he had instructed the Indian armed forces to throw the Chinese out from what India claimed was Indian territory Anyway, the border conflict was not a major war; it was only a border scuffle — a scuffle in which only a few people died. Of course, it is a sad episode in Sino-Indian relations When I went to see Nehru in April 1963 I told him, 'Zhou holds you in high esteem,' to which Nehru answered, 'Thank You ' The rest of our meeting consisted of trivialities When I later met Zhou in Beijing and told him of Nehru's illness, and of the ambiguousness in his speech, Zhou was scathing He said, 'He has been saying imprecise things for a long time Nehru also reacted in the same way when he received a friendly message from Zhou, he said, 'I've had enough of Zhou's friendship ' So you see, even personal relations had become full of animosity When you come to that point relations do become difficult

The opening up of China has been attributed to Deng Xiaoping, but don't forget Zhou and Mao were already thinking and talking about it even before the revolution.

***WA:** Do you think that relations are improving between the two countries?*

***HS**:* Yes, they are. In fact, from the Indian side, it was Indira Gandhi who decided to improve Sino-Indian relations I went to see her when she became the prime minister. It became very clear at this meeting that she wanted to move away form a situation of impasse She had come to the conclusion that it was in India's interest to seek out China. And, she therefore, took a number of initiatives to normalise Sino-India relations — initiatives that are indeed a landmark. What followed after her was the continuation of what she had inaugurated. But it was she who started the whole process

WA: *What was the nature of Zhou's relations with Mao Zedong so far as internal affairs were concerned? Did he interact freely with him, or did he simply execute his policies?*

HS In internal affairs, it was Mao who was the real strategist and the real decision-maker. Though Zhou must have interacted with Mao on domestic issues, the broad framework of China's internal policies was designed by Chairman Mao. There were, of course, periods when some of the other leaders took over the decision-making process, as was the case in the sixties, but Mao always retrieved his power.

Though Mao and Zhou agreed with the idea behind the Hundred Flowers movement, they differed in their interpretation of the movement. For Zhou, the movement meant freeing the intellectuals from party dogmas and restraints.

WA: *There have been three crucial domestic developments after the revolution the Blooming of the Hundred Flowers in the mid-fifties, the Great Leap Forward in the late fifties and finally the Cultural Revolution in the mid-sixties and early seventies. How do you see Zhou's role in these events?*

HS Mao was directly involved in these three events. But so was Zhou. Like the Blooming of the Hundred Flowers, Zhou, through this movement, tried to introduce something like Chinese style *perestroika*. Though Mao and Zhou agreed with the idea behind the Hundred Flowers movement, they differed in their interpretation of the movement. For Zhou, the movement meant freeing the intellectuals from party dogmas and restraints. He was particularly concerned with China's technological development and thought that the movement should permit unrestrained research that the country badly needed. In fact, as early as 1956 the President of the Academy of Sciences, Zhou Peiyuan told me that Zhou Enlai was very worried about insufficiencies of laboratories. He understood the importance of theoretical and fundamental research. But others did not. Mao, on the other hand, seemed to see the Hundred Flowers movement only as part of a total social mobilisation and remotivation of the people. And it is also possible that he

looked forward to a bit of bashing within his own party, where power was increasingly falling from his hands into the hands of the others.

***WA:** What about the Great Leap Forward?*

HS: The Great Leap Forward, launched by Mao, was in fact an internal struggle for power – like the Hundred Flowers movement. Here again, Mao felt that he was being increasingly bypassed and ignored by the others in the party. 'They acted,' he remarked, 'as if I were already dead.' In effect, the Great Leap Forward was a movement to push China economically with all sorts of adventurous economic experiments, with which many in the party did not agree, including Zhou. In fact, Zhou warned against "haste", and advised him to go slow. Mao lashed out at Zhou in March 1958. 'You said this is adventurism ... you called it haste, impatience. But so was the Long March, so was our War of Liberation. Did we not dare Chiang Kai shek and the imperialists when we crossed the Yangste River? Our motto should be: "dare".' Zhou also had a different view from that of Mao regarding the role of the Communist Party. While Mao was becoming suspicious of the Party because it was in other hands, Zhou considered that howsoever cumbersome it may be, the party nonetheless provided some sort of order and coherence to the whole system. In fact, he was of the opinion that it was difficult and dangerous to run the country without the Party, and with the Party disintegrated.

***WA:** What about the Cultural Revolution?*

HS: The Cultural Revolution again was Mao's idea. Though here, too, there was a struggle of power. Mao once again, in launching this movement, was governed by the idea that there was a danger of China becoming infested with capitalistic ideas, and they had to be stemmed by some mobilisation of the people. So you see, in each one of these movements, there was a shift of power, and the Chairman tried to stem it by launching a campaign to mobilise people to neutralise his opponents.

***WA:** What was Zhou's position during the Cultural Revolution?*

HS. Zhou was faced with a difficult situation – in fact a very difficult situation. He was caught in the middle of a power struggle between Mao and Liu Shaoqi. Without taking sides in this power struggle, Zhou's principal preoccupation was to save people from the tumultuous madness that had seized a large segment of the Chinese population. He tried to save whomever he could – people of value – scientists, intellectuals, colleagues. All this Zhou was doing while he was ill. From November 1966 until his death Zhou was on cardiac medicine four times a day, suffering from arrhythmia, shortness of breath and fainting spells. But after each spell, lasting a few minutes to half an hour, he would stand up brushing aside his doctors and with hands shaking he would say, 'Now let us go on.' And in the midst of all this – with unruly crowds getting out of hand, with red guards persecuting people, a harrowing event took place – an event that touched Zhou personally. This was the arrest and the death of Zhou's and Deng Yingchao's adopted daughter, Sun Weishi. In 1967, she was asked to produce evidence against Foreign Minister Chen Yi, for whom she interpreted from Russian. She refused. She and her husband were jailed and she died in prison. Zhou did not even know where she was imprisoned. When informed of her death, he asked for an inquest. The reply was, 'Dealt with as counter revolutionary, cremated. Ashes not kept.'

Zhou came to know about his terminal illness in 1972; but it was kept a secret. Many hold Jiang Qing responsible for his death, for due to her constant intervention, he was not given proper treatment.

***WA**: What was Mao's wife, Jiang Qing's role in this?*

HS: Her role was very negative, particularly during the Cultural Revolution. Thanks to her, many intellectuals were persecuted and harassed.

***WA:** When did Zhou come to know about his terminal illness? Did it affect his ability to function?*

HS. Zhou came to know about his terminal illness in 1972; but it was kept a secret. Many hold Jiang Qing responsible for his death, for due to her

constant intervention, he was not given proper treatment. But he worked right up to the end. By the end of November 1975, to give you an idea of his illness, Zhou had six major surgical interventions, eight blood cauteries and one hundred blood transfusions. But despite all this, between June 1974 when he entered the hospital, and December 1975, he received sixty-three heads of state or foreign delegations, held one hundred and sixty-one meetings and managed to get out of the hospital twenty times

WA: *After his and Mao's death, there were considerable popular and spontaneous reactions in favour of Zhou. How do you explain this phenomenon?*

HS: Indeed, there were many spontaneous manifestations in Zhou's favour For many he represented a sense of moderation, and of keeping things under control. Mao had a high regard for Zhou In fact he was reported to have said, 'They respect me but they love him.' Mao did not go to Zhou's funeral simply because he never went to funerals, but, like millions of Chinese, he cried at his death.

WA: *Did Zhou have a personal life or was he totally dedicated to China?*

HS: Yes, he had a personal life – a rich personal life His wife, Deng Yingchao, was the only woman in his life. They married at a very young age but did not have any children. I was always very happy when I saw them together. They were an ideal couple When Zhou was in France he had a long and continuous correspondence with her

WA: *When was the last time you saw him?*

HS: In 1975, when he gave his famous speech on the four modernisations He was already sick. I wrote to him, but he did not reply I was aware he could not, considering his illness.

WA: *What, in your view, is the legacy Zhou has left for which he will be remembered?*

HS: First of all, he will be remembered for having put China on the map of the world. His travels, his diplomacy and his meetings with his counterparts

made the international community aware of China. He will also be remembered for the element of moderation that he always attempted to inject in Chinese politics whenever some of the leaders were tempted by some form of extremism. Zhou will also be remembered for all that he did to protect people from extremists, particularly for the protection he gave and the encouragement he proffered to the scientific world, which made it possible for China to become a nuclear power. I have often asked myself the question whether China would have been able to become a nuclear power if Zhou had not protected the scientific world from radicals, and given them facilities to continue their work. But above all, he will be remembered by the Chinese for the affection he showed and the love he gave to them — perhaps more than the others. ■

Zhou will also be remembered for all that he did to protect people from extremists, particularly for the protection he gave and the encouragement he proffered to the scientific world.

Zhou Enlai: The Man And His Work

In the centenary year of his birth, Dick Wilson, Yu Changgen, Qian Jiadong, V V Paranjpe, and Barbara Barnouin analyse the personality of Zhou Enlai, and evaluate his role in Chinese politics and his contribution to international affairs

ZHOU ENLAI'S ATTITUDE TO LEADERSHIP

DICK WILSON

What happened between 1927 and 1935 that turned Zhou Enlai, a charismatic Communist leader of the First Eastern Expedition, the Shanghai resistance and the Nanchang Uprising, into the unswerving acolyte of the earthy peasant chieftain, Mao Zedong? At thirty Zhou was the cynosure of left-wing eyes in China, cosmopolitan, at home in France, Germany and England as much as in Japan, with a brilliant clarity of mind and looks to make hearts flutter. A nationalist activist since 21 (the May Fourth Movement) and a committed Communist since 23, Zhou seemed to have all the qualifications to play the unprecedented role of supreme Marxist leader of the largest population in the world.

He probably, at that time, inwardly underestimated the potential power of the Chinese revolutionaries who enjoyed Moscow's special trust (Li Lisan, Wang Ming), and perhaps he discounted the force of popular steam building up behind the unpolished commanders (Mao Zedong, Liu Shaoqi) in the rural interior. But on the face of it there was no obvious bar to any ambition Zhou may have had for the highest leadership. His political sensitivities and histrionic

skills would eventually have masked such ambitions, and indeed his few actions or pronouncements on the subject suggest that he saw the revolutionary cause as more important than who was to run it. But he must, at the very least, have been concerned about the capacity of weak or inadequate leaders — like Li Lisan - to harm that precious cause.

The self-deprecatory side to Zhou's character, linked with his strong streak of modesty and humility, immunised him from the extremes of ambitiousness.

Very few attempts have been made, whether by Chinese or foreign writers, to penetrate the well-controlled mind of this capable leader and analyse the nature of his attitude to questions of leadership. The factual evidence for such analysis is indeed slight. Neither the Communist Party debates that followed the Russian model of secrecy, nor the memoirs by Zhou's colleagues and relatives have so far added much to our real knowledge of the man.

To some he was a hero who set high standards of humane and rational government conduct and who saved China from some of the worst consequences of Mao's more extreme policies. To others his suavity cloaked a ruthlessness as tough as that of many of his Marxist colleagues, who did little to disguise the callous cruelty with which they had sometimes to act. Was he a hero or a flawed hero, villain or a redeemed villain? The observer's choice of roles to allocate to Zhou is apparently wide open, with precious little fact to underpin any one of them.

The necessarily vague and tentative suggestions, which have been made to explain Zhou's career, are based on three main ideas:

1. The self-deprecatory side to Zhou's character, linked with his strong streak of modesty and humility, which immunised him from the extremes of ambitiousness.
2. Dissatisfaction with his own leadership record in his twenties, following the defeats at Shanghai and Nanchang in 1927, and leading to the conclusion that other leaders, harder and less sensitive than he, would command better, at least the first military stage of revolution.
3. The Machiavellian motive in his actions; Zhou being shrewd enough to see that more power and influence could be exercised from the No. 2 or even No. 3 position than from the vulnerable No. 1, exposed in the front line.

SELF-DEPRECATION

The Chinese authors Huai En and Wang Jingru have noted an e. example of Zhou's habit of shunning the No. 1 position in an organisati This was the so-called Jingye Society, formed by Nankai students in 19 Though Zhou was the moving spirit in starting this group for the study religion, poetry and speech, he conceded the highest posts to others . patiently waited for his turn to lead He took the Chair of only one of Society's four departments exhibiting an ability to attribute credit and leaders positions to others and to refrain from taking the top position Pan Shilun rec in the book by Huai En how this made him respect his fellow student Zh There were students who 'wanted to be in the limelight Zhou wasn't like tl He didn't take part in power struggles ' Time and time again he rebuf opportunities for advancement in the Communist Party, refusing to forn personal faction as other leaders did, remaining aloof from their petty quarr

Zhou not only acted in this way in his own public life, he also advoca it for others. In 1927, when a commissar with Left wing Guomindang forc he told Liu Ning not to protest at his Guomindang commander's execution Communists because the united front was more important for the larger intere of the revolution 'Must we behave like a concubine?' Liu asked 'For the s. of our revolution we can play the role of a concubine ' Zhou agreed, 'even a prostitute if necessary' (Asahi Shimbun, January 23, 1976) Pride and ang should be swallowed in the pursuit of long-term goals

There is no doubt an element of masochism is discernible in the se deprecation. We have an early hint of it in the powerful poem Zhou wrote 1916, *Saying Goodbye to Brother Pengxian* His admiration for his Nankai fello student led him to say.

"Of all our band of volunteers in the race
You are the paragon, first to start
I am too clumsy even to get off the blocks .."

SELF-DOUBT

Not only did Zhou undervalue himself and the qualities he had to offer, was also doubtful about his own actions on behalf of the Party. Self-dou led him to believe that when his leadership brought anything less than who

successful results over a period of time, it was disqualified for future occasions. The Shanghai debacle in 1927 was especially distressing. *The Second Workers* revolt there in February was organised by Zhou on the assumption that Jian Jieshi (Chiang Kai-shek) would move his army on to protect the workers from the warlords. But Jian (Chiang) held back, allowing the uprising to collapse. The Third Uprising in March was brutally repressed by Jiang (Chiang). Zhou barely escaped with his life.

Zhou seemed finally to accept that his own gifts lay more in the fields of organisation and negotiation rather than in the strategic decision-making of the political or military front line.

He declared: "I was responsible for leading their armed revolt, but I lacked experience. I am an intellectual with a feudalistic family background. I had had little contact with the peasant-worker masses because I had taken no part in the economic process of production. My revolutionary career started abroad, with very limited knowledge about it obtained from book only." (Hsu Kai-yu, *Chou En-lai: China's Gray Eminence*, New York: Doubleday 1968, p 2)

Self-doubt reached its climax seven years later at the 1935 Zunyi Conference on the Long March. Faced with almost unanimous criticism of his handling of the supreme military responsibility on the March so far, Zhou admitted his mistakes, refused to defend himself, asked to retire from his position and proposed his chief accuser, Mao Zedong, to succeed him. That was indeed the beginning of the Mao-Zhou duo act in which Zhou took the permanent second (sometimes third) place.

This was the point when Zhou seemed finally to accept that his own gifts lay more in the fields of organisation and negotiation rather than in the strategic decision-making of the political or military front line. Zhou may have debated with himself that, should the Long March succeed, there would be a great need for a capable and experienced negotiator to deal with the Guomindang and foreign powers, and for a capable and experienced administrator to supervise civil government. Zhou's strength lay precisely in these two areas where none of his colleagues could match him. In the event he steadfastly held to these sectors of expertise, leaving it to Mao to make the final policy decisions — which Zhou accepted and implemented, even after arguing against them at the discussion stage.

But an element of naiveté shadowed him throughout his career. From Xian up to the end of 1936 Zhou assured Mao that Jiang (Chiang) had undergone a "real change" in his attitude to the Communists At Geneva in 1954 Zhou appeared to be out-manoeuvred by the Americans over the Vietnam settlement Dulles came away from the conference without a commitment to close his bases in Vietnam. Zhou admitted afterwards that 'we were very badly taken in' lacking 'adequate experience in the field of international problems' (*New York Times*, May 8, 1971). It may be argued that he calculated China's interest in retaining an American presence in Vietnam to counter-weigh the Soviet armies to China's north. That we do not know Again in the Hundred Flowers campaign Zhou appeared to underestimate the impact of the subsequent clamp-down on the independent intellectuals whom he saw as the guarantors of China's future modernity

MACHIAVELLIANISM

Or was the rationale more devious? Thomas W Robinson in his early study of Zhou Enlai and the Cultural Revolution in China detects a pattern in Zhou's actions in the Cultural Revolution whereby he would first swim against a leftist tide, then when his own power and goals were seriously threatened change tack to swim with that tide, confidently expecting that this would hasten the onrush of a rightist counter tide The pendulum would swing back and Zhou's skill was to know when to switch in order to survive long enough to be carried by the pendulum back to the line he favoured. Robinson suggests that we might therefore see Zhou as 'a close student of Machiavelli', who penned the classic formula for political survival in similar terms

Clearly Zhou's "Maoist" speeches in the Cultural Revolution established his revolutionary credentials. He was able to resolve some of the practical complaints which were fuelling radical revolt on such matters as wages, the apprenticeship system and inflation At the beginning of 1967 he was trying to protect his government colleagues from Red Guard attack, having to surrender Chen Yi and Tan Chenlin but preserving Li Xiannian, Li Fuchun and others On paper it sounds callous; Machiavellianism is callous. But could the essential integrity and continuity of the Chinese government have been salvaged in any other way, given the highest-level backing of the Red Guards by Mao and his group?

Zhou did, of course, use all kinds of prevarication to prevent or restrict Red Guard maltreatment of Tan, but in the final analysis he could himself have been toppled had he gone too far in his subordinate's protection. Faced by radical directives expressly sanctioned by Mao and carried out by Red Guards a prime minister of rather different personality might have blindly, angrily, helplessly obstructed both Mao and the Red Guards. Can anyone doubt the outcome? Such a prime minister would have been thrown to the wolves, subjected to imprisonment and torture of the kind endured by Liu Shaoqi and Deng Xiaoping, and eagerly replaced at the head of the State Council by one of the Gang of Four. As Parris Chang has observed 'no statesman however, noble and brilliant, can pursue his vision without staying in power'. *Journal of Northeast Asian Studies*, Summer, 1995, p 43)

As Deng Xiaoping conceded in 1980, Zhou in the Cultural Revolution said and did many things that he would have wished not to. But the people forgave him because, had he not said and done those things, he would not have been able to survive or play the neutralising role he did.

Zhou would have met such a fate with more equanimity than most Cultural Revolution victims, but he preferred to risk being seen as scared of such martyrdom than to allow the whole structure of government, which he had personally so painstakingly built up over seventeen years, to be completely destroyed. That the structure was working again with reasonable efficiency by the time of his death in 1976 testifies both to its intrinsic soundness, and to Zhou's achievement in minimising the damage to it in the late 1960s. As Deng Xiaoping conceded in 1980, Zhou in the Cultural Revolution 'said and did many things that he would have wished not to. But the people forgave him because, had he not said and done those things, he would not have been able to survive or play the neutralising role he did, which reduced losses' (Ibid.).

Zhou's political alliance with Mao after 1935 was not that of an unconditional time-server. They had many disagreements. Before the Long March there had been strong doctrinal differences, such as Zhou's bombastic lectures in 1929 on the need for Mao's forces to abandon narrow-minded peasant ideas and become more disciplined in the proletarian mould. A year later Zhou rebuked Mao before his peers for launching military attacks without adequate preparation and

Mao executed one of Zhou's friends for spying. There followed killings of "treacherous" Communists at Futian, the legitimacy of which was fiercely argued between Mao and Zhou in the Central Committee. At the 1931 Central Committee meeting in Shanghai, Zhou joined the Comintern backed Wang Ming in order to keep Mao and other "indigenous" or rural Communists out of the leadership.

When Zhou arrived in Jiangxi in mid 1931 he immediately started giving orders, in his capacity of political commissar of the Red Army, completely at odds with Mao's position on, for example, strategy, military administration and land reform. He made Mao sign a proclamation rejecting Mao's ideas about the treatment of rich peasants and inserted his own followers into positions at the expense of the Maoists. As Zhou became more familiar with the realities of work in a rural Communist base during 1932-34, his tone softened towards Mao. But even the Comintern representative, Otto Braun found it hard to mediate the passionate military strategic arguments between Zhou's fixed position concept and Mao's guerrilla tactics. In the end Zhou had Mao expelled from the Central Committee and actually put him under house arrest.

The Long March brought Zhou closer to Mao, not just because of Zhou's dramatic resignation and support for Mao's leadership at Zunyi. The sheer physical tests of the March — the Bridge of Iron Chains, the Snow Mountains, the Grasslands — created comradeship of a new kind. The two men found themselves united in disliking Braun and mistrusting the Russians. Even their strategic quarrels faded in the entirely new context of mountain terrain. When Zhang Guotao, a potential rival of Mao, joined the Long Marchers in June 1935 Zhou supported Mao. As Zhang was senior to Mao in party terms, and was not willing to accept the Zunyi elevation of Mao to the No. 1 position, Zhou could have — if he had wanted — replaced Mao at the end of the Long March, this would have been the occasion. He was ill at this crucial moment, but that alone does not explain his inaction. Mao retained his leadership.

Further tensions arose after the Red Army settled down in Yanan, over cooperating with the Guomindang in the resistance to Japanese aggression. Zhou negotiated an arrangement under which the Communists would be so integrated into the national armies that they would take orders from the Guomindang government. Mao would not agree. Zhou said the Communists should show their patriotism and their good faith, but Mao equivocated and held the Red Army back when it was needed against the Japanese, mistrusting Jiang

Jeshi (Chiang Kai-shek). Zhou was so angry that he suspended negotiations with the Guomindang and refused to obey Mao's orders. 'Zhou Enlai bungled important matters,' thundered Mao.

The quarrel was settled once the Red Army began to win battles against Japan. But this was the only known sustained break between the two men after 1935. Once the People's Republic was proclaimed in 1949 the relationship settled down under the weight of the new challenges of civil administration — for which Zhou's skills and experience made him uniquely suited, as Mao was the first to recognise. The first big flash point came in 1958 when Liu Shaoqi and the Eighth Party Congress endorsed Mao's Great Leap Forward campaign, against Zhou's advice. Zhou saw that the economic production targets were far too high, especially the doubling of the grain harvest. As the economy reeled into crisis, Zhou uncharacteristically rallied supporters against the Mao-Liu line, and Mao had finally to back down.

Zhou saw that the economic production targets were far too high, especially the doubling of the grain harvest. As the economy reeled into crisis, Zhou uncharacteristically rallied supporters against the Mao-Liu line, and Mao had finally to back down.

Zhou delivered a crushing report on the Great Leap Forward. Mao found it hard to defend himself at the Lushan meeting of the Central Committee in July 1959, but by illegal packing tactics managed to survive. One subsidiary lesson was that the person who would profit most from Mao's fall was Liu Shaoqi, who was elected at this time to succeed Mao as state chairman. Zhou strongly disliked and distrusted Liu, so while maintaining his rational criticism of Mao's Great Leap, Zhou helped Mao to see another day in order to keep Liu out.

A second contretemps soon followed, with Liu now entering into the foreign policy arena and reducing Zhou's freedom of diplomatic manoeuvre. Whereas Zhou allowed the border dispute with India to drift under the impetus of the "peaceful coexistence" concept, Kuo-kang Shao in his new book, *Zhou Enlai and the Foundations of Chinese Foreign Policy* (Macmillan: 1996, p 147), finds

evidence that Mao, supported by Liu, insisted on using armed forces on the border in 1961-62, against the pleas and arguments of Zhou.

Which brings us to the Cultural Revolution. The earlier history outlined in this article will have gone some way to explain Zhou's ambivalence in this campaign. Though his sense of idealism led him to approve the first blueprint for the Cultural Revolution, he was shocked by the indiscriminate violence and thuggery of so many Red Guards and determined to do all in his power (as long as he had any) to preserve the individuals, institutions and properties which the original campaign had not intended to destroy, and to prevent the discrediting of China, its Communist Party, government and people in the eyes of the world. But he possessed neither an organised political following nor the control of armed forces, so he had to depend on guile, diplomacy, stratagems and Machiavellianism.

Zhou would have enjoyed a better reputation in the West, possibly, as a martyr for unsullied socialism. But dramatic acts of conscience are not in the Chinese political tradition. The Chinese are more practical and less egotistical than the Europeans.

If he had chosen the martyr's role, there was no other leader capable of carrying out salvage. The rampage would have intensified. Mao's room for manoeuvre at the titular head of forces by now uncontrollable would have narrowed. Zhou would have enjoyed a better reputation in the West, possibly, as a martyr for unsullied socialism. But dramatic acts of consciences are not in the Chinese political tradition. The Chinese are more practical and less egotistical than the Europeans. Such a selfish and theatrical martyrdom would have meant little to a people long inured to the arbitrary exercise of power. So Zhou continued to simulate support for the campaign while seeking to curb its excesses. It was a humiliating double act for which his student day histrionics and Guomindang negotiations had well prepared him.

After the fall of Liu Shaoqi the defence minister, Lin Biao, emerged as Mao's heir apparent. Zhou, who had earlier collaborated successfully with Lin, did not challenge the idea, and might have served under him in the same way that he served under Mao. But Lin gambled on a violent conspiracy to remove Mao and had to flee the country. So the Mao-Zhou duo soldiered on until their deaths in 1976. For forty years Zhou conscientiously worked as the No. 2 to a man

whom he had disparaged and rebuked countlessly and whose earthy peasant ways he had found contemptible and distasteful, whose policies he had damned as benighted and crude, and whose stubbornness and hole-and-corner habits he had seen as disqualifying him from the highest office. It was a rare set of personal characteristics which allowed Zhou to set all that aside and enter upon the century's most successful and extraordinary political marriage — 'until death do us part'.

So the three possible motivations for this extraordinary political career seem to coalesce. Self-doubt leads into Machiavellianism, and both feed on self-deprecation. Since this last pre-dates the other two in the history of Zhou's personal character development, self-deprecation must carry the main weight of the analysis. Without it, Zhou Enlai would presumably have tried harder for supreme power (as he seemed to be doing in 1927–35), and for the unseating of Mao Zedong, who was chiefly responsible for the inadequate socio-economic achievements of the Peoples' Republic. It is rare in human history for a man of such intellectual attainments and humane outlook to have such golden opportunities to exert leadership in a country desperately needing it, and yet to lack the self-esteem fully to exploit those opportunities.

ZHOU ENLAI: THE MAN AND HIS WORK

ZHOU ENLAI, THE UNSULLIED

YU CHANGGEN

On the occasion of the centennial anniversary of Zhou Enlai in March 1998, Chinese leaders paid glowing tributes to him for his great contribution to the development of China. To mark the event memorial halls were opened in Shaoxing, his native town, and in Tianjin where he went to school and university. No less than five hundred books and more than five thousand articles have been published on Zhou since the 1980s, including a biography in three volumes and a chronicle of events surrounding his political career in four volumes. He was hailed as a great and talented revolutionary leader who devoted himself totally to the cause of making his country prosperous and strong.

Hard-working and modest, Zhou lived a very simple life and could endure numerous humiliations in the interest of the nation. Endowed with many virtues, Zhou was a great asset to the Chinese authorities at a time when Mao Zedong's image had become tarnished by the perverse and unscrupulous acts of his latter years.

Though Zhou was indeed a great and charismatic leader, he was no paragon. Much can be said about him, both positively and negatively. In reviewing his life, one cannot help marvelling at his capacity to survive for more than half a century while the Communist Party (CCP) was mired in ruthless infighting.

Zhou ascended to the top in 1927 — eight years before Mao. His position in the party leadership can be roughly divided into two periods: the pre-Mao era from 1920 to the late 30s, and the Mao era from the late 30s until his death. The pre Mao era was, characterised by intense party struggles for power, witnessed frequent changes of leadership. Chen Duxio, Qu Qiubai, Xiang Zhongfa and Li Lisan were successively at the helm of the party until 1928, when the CCP was taken over by 29 Moscow dominated Bolsheviks, under the leadership of Wang Ming and Bo Gu. Finally, the Party-led Red Army, defeated by the government forces, abandoned the Red base areas in the south to make the disastrous Long March to the Northwest. The Zunyi Conference in January 1935 put an end to the rule of the Wang Ming group and inaugurated the Mao era which lasted for more than 40 years.

During all these frequent changes of leadership in the pre-Mao era, Zhou showed no ambition for power. He was content with playing second fiddle and was satisfied with occupying third or fourth position in the party leadership. He was not a competitor in the different power struggles, and contented himself with the role of conciliator. His uniqueness lies in the fact that he was able to cooperate with whoever emerged as the victor, without antagonising the loser. He was able to maintain a high degree of flexibility during the infighting of the Party. He was extremely worldly-wise and intelligent and knew how to behave as the Prime Minister under Mao, who was a powerful and capricious emperor. These perhaps were the reasons why he was able to retain his post at the top for so long.

Zhou was an excellent administrator, but not a thinker. Unlike Mao, who developed independent views in his restless quest for China's revolution and its modernisation, Zhou had no original views. He was a follower of the Comintern in the Pre-Mao era, depending on instructions from Moscow. He successively cooperated with Qu Qiubai, Xiang Zhongfa, Li Lisan, Wang Ming and Bo Gu. Being instinctively moderate, he seldom went to extremes politically. Thus he was often able to keep a leeway for himself and could change stance when it was necessitated by the situation. It would, of course be unfair to define him as a political opportunist, only because he followed the Comintern at first and Mao afterwards.

Moscow was the Mecca for all communist parties in the world in the 1920s and the 1930s. Like the others the CCP was but a branch of the Comintern. It was only natural that Zhou should look to Moscow for

guidance. When he broke with the pro-Moscow Wang Ming group, during the Long March to switch over to Mao Zedong, he did so because he believed that Mao had found the way out for the communist party and Red Army both of which were on the verge of total destruction. During the Rectification Movement in the 1940s in Yan'an to review the Party history most leaders except for Mao Zedong and Liu Shaoqi, were regarded as having made mistakes in the past Zhou was criticised as an empiricist, who "lacked independent, clear-cut and systematic views on problems of a general nature" and therefore "played second fiddle" in his association with the dogmatists This was in reference to his cooperation with Wang Ming and his group Because of the active part he had played in the deification of Mao and the service he had rendered to the Party, he retained his position at the top of the Party, ranking number three, and working as Mao's most faithful assistant throughout the rest of his life

Zhou was extremely worldly-wise and intelligent, and knew how to behave as the Prime Minister under Mao, who was a powerful and capricious emperor.

When representing his Party in the Guomindang ruled areas, he was also in charge of the Party's intelligence service and the activities of the underground Party in south China during the Second World War In the civil war from 1946 to 1949 between the CCP and the Nationalist Government under Chiang Kai-shek, Mao was the chief commander of the communist led People's Liberation Army, while Zhou worked as his first aide in directing the military operations This relationship between them continued throughout the Korean War in the early 1950s

Zhou was the first prime minister as well as the first foreign minister of the People's Republic of China A charismatic and brilliant diplomat he played an impressive role in the Geneva Conference (1954) for the settlement of Indo-China questions, and in the Banddung Conference (1955 the first gathering of Asian and African countries He represented his country in many border talks with heads of government of neighbouring countries and reached agreements with them, with the exception of India The height of his diplomatic career was when he negotiated the normalisation of Chinese and US relations, and signed the famous Shanghai Communiqué with President

Richard Nixon in 1972. But for China's isolation from the outside world, he could have contributed even more to his country's foreign relations.

Zhou has been hailed as "the people's best premier" after his death. His premiership had the dual character of serving his country and Mao. A difficult job indeed. His political survival depended first and foremost on how he played the role. Mao was not quite pleased with him at the beginning of his premiership, in spite of his utter devotion to his work and his very thoughtful service to Mao. Mao even flirted with the idea of replacing him with Gao Gang, because in Mao's view Zhou was too circumspect and was not enough of a visionary or sufficiently daring in national reconstruction. He retained his premiership only as a result of Gao Gang's fall in the power struggle in 1954.

As a student of the Stalinist model of socialism, Zhou believed in highly centralised control of the national economy, while giving priority to heavy industry and the maintenance of balance between supply, production and sales. During the implementation of the First Five Year Plan (1953-1957), he was alarmed by the excessive growth of the national economy at the expense of balanced and steady development. With the support of other leaders he halted the development by initiating criticism of the "rash advance" in economic work in 1956. In doing so, he inadvertently angered Mao, who believed that the high rate of growth in 1956 was a great leap and not a rash advance. Mao maintained that China could not, and should not, follow the Soviet Union at a "snail's pace" in its drive for modernisation. He sharply criticised Zhou on different occasions, for going so far as to be "only 50 centimetres from the Rightists", who were the bourgeois counter-revolutionaries. Shocked by the condemnation, Zhou had to own up to his mistakes and make a self criticism at the Party Congress in May 1958. He handed in his resignation, but Mao finally forgave him.

The criticism of Zhou's "opposition to rash advance" ushered in a reckless advance on an even greater scale. That catastrophic Great Leap Forward led to the collapse of the national economy and three years of famine with a death toll of 20 to 30 million people. As prime minister, Zhou was not blind to the madness of this fanatic movement. While cleaning up the mess created by the Great Leap, other leaders such as Liu Shaoqi, Chen Yun and Deng Xiaoping had spoken out against Mao's impetuous policies. They were condemned by Mao at Central Committee meetings in 1962, as having made

mistakes of Right deviation But Zhou, as usual, said nothing unpleasant about Mao He was, therefore, exempted from the condemnation this time

The last ten years of the Cultural Revolution were the most difficult and complicated period in Zhou's whole life He was in agreement with Liu Shaoqi, Deng Xiaoping, Chen Yun and other leaders who had emphasised the leading role of the Party committee in the movement When they were purged by Mao as the chief "party persons in power taking the capitalist road there was no other option for Zhou but to follow Mao, if he wanted to survive politically

As a student of the Stalinist model of socialism, Zhou believed in a highly centralised control of the national economy, while giving priority to heavy industry and the maintenance of balance between supply, production and sales.

He threw himself actively into the Cultural Revolution becoming "the chief of staff of the proletarian headquarters, with Chairman Mao as the commander, and Vice Chairman Lin as the deputy commander" He presided over the work of the enlarged meeting of the Standing Committee of the Politburo, the 'Routine Meeting of the Central Cultural Revolutionary Group (CCRG and the Politburo, that were the leading organs of the Party and state at different times during the Cultural Revolution Working in close cooperation with the radicals of the CCRG, he supported the fanatic Red Guard movement and the vociferous mass criticism and repudiation of the so called bourgeois reactionary line, allegedly formulated by Liu Shaoqi and Deng Xiaoping to obstruct the Cultural Revolution Following Mao's instructions he played an active role in guiding the unprecedented seizure of power throughout the country and in establishing the revolutionary committees in the provinces He cooperated with the radicals of the CCRG to lead the horrible campaign of purifying class ranks against the masses. He was in charge of the purge of Lin Biao's gang after the latter's defection and death He was entrusted by Mao to head the formidable Central Special Case Group which examined all high-ranking cadres above vice minister or vice provincial governor level, who had been accused as renegades, special agents, capitalist roaders, anti-Party, anti-socialist elements or counter-revolutionary revisionists

But unlike the radicals of the CCRG headed by Jiang Qing, he never went to the extreme politically. He made some efforts to moderate the

lence of the mass movement and worked hard for the maintenance of oduction and administration He protected some senior revolutionaries and ell-known figures during the most chaotic months of the Red Guard ovement He did that with Mao's full support or approval. Some of his s made him the target of attack from a few ultra-left Red Guards in 1967 no had the support of the CCRG

it as Mao was basically satisfied th him over his attitude and haviour in the Cultural evolution, he protected Zhou nen he was attacked by the ... ds

Zhou supported the fanatic Red Guards movement and the vociferous mass criticism and repudiation of the so-called bourgeois reactionary line.

Zhou reached the top of his career during the Cultural Revolution after the death of Lin Biao in 1971 Except for Mao, there was nobody more portant than him in Chinese political life He headed the Politburo, and ndled the day to day affairs of the Party, government and military Yet, made a mistake at the pinnacle of his political career While leading the tional campaign against Lin Biao, Zhou emphasised that the criticism of ra leftism which characterised Lin Biao and his gang ideologically and itically should be intensified He was unaware of the fact that continuous denunciation of ultra leftism was bound to lead to total denunciation of the ltural Revolution Mao was angered He ordered the campaign to be pped abruptly

The sudden death of Lin Biao demonstrated in effect the bankruptcy of ... Cultural Revolution The dissatisfaction was rampant everywhere, m the top down to the grass-root level, within and outside the Party Mao d on the whole Party "to go against the tide and brave it through" at Tenth National Party Congress held in August 1973 He knew that Zhou I done his best to support him in carrying out the cultural revolution. He w also that Zhou did so, not because he agreed but because he had no ice With Zhou's intense interest in the criticism of ultra-leftism, Mao ieved it was necessary to teach him a lesson On his instruction, the itburo held a meeting in November 1973 to criticise Zhou. The meeting enlarged to include a number of officials from the foreign ministry. This done on the ground that Zhou's mistake involved first of all some foreign

policy issues. Zhou had to listen submissively to the condemnation not only of his colleagues of the Politburo, but also of his subordinates in the foreign ministry.

During the last two years, Mao seemed to be increasingly obsessed with the idea that somebody would denounce his Cultural Revolution after his death. To justify his conclusion that, "The current great proletarian Cultural Revolution is absolutely necessary and most timely for consolidating the dictatorship of the proletariat, preventing capitalist restoration and building socialism", Mao initiated a nation-wide movement to "comment on the legalists and criticise Confucius" in 1974, to comment on the classical novel *Water Margin* and to study Lenin's theories of proletarian dictatorship in 1975. Confucius was attacked as a representative of retrogression while Song Jiang, the hero in *Water Margin*, was denounced as a capitulationist. Zhou was attacked by innuendo as a Confucian or Song Jiang, who represented restoration and capitulation.

Zhou was perhaps one of the very few leaders who was not tempted by the glitter of power, and who spent much of his political life playing the role of a conciliator.

At the time Zhou was fatally ill of bladder cancer. While he was lying on his sickbed, dying, the uproar against restoration and capitulation was resounding outside the hospital wall. His loyalty to Mao was not fully reciprocated. When he was wheeled into the operation room for the last major operation in late 1975, the usually well-behaved and discreet Zhou cried out loudly: 'I am loyal to the Party and the people. I am not a capitulationist!' He went through 13 surgical operations and died in an atmosphere of heavy political pressure on January 8, 1976.

Zhou, undoubtedly, was a great, charismatic leader, widely revered by the Chinese people. He will certainly be remembered for all that he did to project China internationally and to modernise the country internally. His greatness also resided in the fact that he was perhaps one of the very few leaders who was not tempted by the glitter of power, and who spent much of his political life playing the role of a conciliator whenever China was seized by factional fights. But Zhou will also go down in history as one who failed to stand up to Mao's adventurism during some of the most critical movements in contemporary Chinese history.

Zhou Enlai: The Man And His Work

Recollections of Zhou Enlai's Secretary

QIAN JIADONG

For more than ten years, between 1964 until his death in January 1976, I worked as Premier Zhou Enlai's secretary for foreign affairs. But my working experience with him began much earlier. It was during the 1954 Geneva Conference on Korea and Indochina when I was assigned by the Ministry of Foreign Affairs as a staff member to the delegation.

The Geneva Conference was the first opportunity for New China to participate in a high level international conference. The party and the State attached great importance to this conference. Our delegation was relatively large because this was also an excellent opportunity to gain experience in high-level international politics. Since we were a lot of people, we had to live in different places throughout Geneva. We had rented a villa in the village of Versoix near Geneva for Zhou. As there was a small road called "Mont Fleuri" (a "flower mountain," in front of the house, we decided to call the house "flower mountain villa." It had a very large garden, but the house itself was not very big. Besides the Premier, the house therefore lodged only a small number of high level delegates and close collaborators. Most of the other delegates lived in hotels or apartments rented in Geneva.

An interesting anecdote about the conference illustrates the American behaviour towards the members of the Chinese delegation. Many rumours had been circulating about an episode that occurred during the conference. Apparently when the Premier Zhou Enlai and the American envoy, John Foster Dulles, ran into each other and the latter refused to shake hands with the Premier. In the last few years, however, several memoirs have questioned on this event. Nobody seems to remember what really happened. I don't recall hearing

about it while I was in Geneva. But since the story had been circulating for so many years, it became a "reality". The story reflects the great respect people had for the Premier and their rejection of Dulles' arrogance and rudeness. In another version of the story it was Mr. Dulles' assistant, Mr. Smith, who met the Premier in the cafeteria. The American delegates had received instructions not to shake hands with leading Chinese representatives. Mr Smith, therefore hastily picked up a cup of coffee with his right hand, while greeting the Premier by touching his arm with the left.

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Geneva is a tourist town with a lot of scenic and historical places to visit. During the three months of the conference work was very hectic but sometimes there were periods of relaxation. Our delegation had organised several tours, but the Premier did not participate in any one of them. For him, everything was work and his work was everything. Whether he was on an official visit outside the country, or whether he travelled inside China, he never visited any tourist attractions, unless of course a special programme had been organised for him. Once, on his return from an official visit to Pakistan, the Premier stopped in Xinjiang for a few days, first in Urumchi and then in Kashgar where Xiangfei's tomb is located — a place of some historical and architectural significance. We all wanted him to see it. But he said 'You all go, I am not particularly interested. As we do not come to this place frequently, I would rather use this opportunity to have more talks with local comrades.'

When I moved into the Premier's villa during the Geneva Conference I realised how busy the Premier was with his work. He talked with the representatives of numerous delegations, especially with the Vietnamese who did not entirely agree with the discussions at the conference. He spent a lot of time walking in the garden and talking to them. I don't know how big the garden was, but it took 30 to 40 minutes to walk around it. From the number of rounds, one could deduce how long they had walked and talked. This also shows how energetic the Premier was at that time.

In 1964 I moved from the Foreign Ministry to the Premier's office. When the comrade who had been in charge of foreign affairs at his office left to

participate in the campaign of the "four cleanings", I replaced him. Although I had participated in meetings with the Premier, I had never worked directly under him. I was, therefore, very nervous. When I reported to work on the first day, the Premier was walking in the corridor. He shook my hand and said warmly "Ah, you have come, welcome!", immediately putting me at ease.

Shortly after joining his staff, Zhou sent me and Gu Ming, a senior secretary, to Diaoyutai to work on the Government's Report to the 3rd National People's Congress. This report had three parts, the first dealt with the socialist economy; the second with socialist education and related topics; and the third with the international situation and foreign policy. Gu Ming was mostly involved with the first and second parts, while I maintained the liaison with those who worked on foreign relations. The Report was completed in early 1965.

The Premier usually drafted most of his reports, articles and speeches himself. However, a report on the Work of the Government involving many parts and a vast number of subjects had to be drafted by a specially organised group of people. But Zhou was not the kind of person who gave assignments to his subordinates only to forget about them later. He used Gu Ming and myself as liaison persons to continuously report to him about the progress of the work. He knew what questions to ask and what concepts to develop, and with whom to confer. He often talked with the writers himself. After the report had taken shape, he invited the leading comrades from the State Council and the Secretariat of the Central Committee to examine it. Thus it matured through several revisions.

After I had stayed nearly three months at Diaoyutai, I was informed that the Premier's office was going to be reorganised and I was to be transferred to the Foreign Affairs Office of the State Council. As a result only a few of the secretaries remained at the Premier's office. However, by the end of 1965, I was back at Xihuating.

As several important events had occurred internationally, 1965 was an exceptionally busy year. The first was the Tonkin-Gulf incident which led to the Vietnam War. The second was the Indo-Pakistan conflict, and the third was the "September 30th Event" in Indonesia, where a military coup d'etat had overthrown the Sukarno Government. At that time telegrams floated down like flurries of snowflakes. The work at the Premier's office multiplied, Xihuating was really short of staff. When I returned to the Premier's office, I remember that at that time we were altogether six people. After the beginning of the Cultural Revolution, only three of us remained.

There was a very clear division of work. Each secretary was in-charge of o or several areas and was directly responsible to the Premier. The Premier ga instructions to each of us and we reported directly to him. Discipline w. extremely strict. The Premier himself was a model of discipline His wife, Den Yingchao, told me once that when the Premier prepared to join the Nanchan Uprising, he did not say anything t her until the last moment Sh recalled. 'When he was about t leave Wuhan, he told me aroun dinner time that he had to go t Jiujiang that very evening He di not say what he was going to d there I was already used to secrets therefore I did not ask any questions At that time, we were confrontin the most cruel enemy and everybody was burning with rage In silence, we clasped our hands to say good bye W did not know when we would see each other again In the midst of the "whit terror", whether it was a comrade or a spouse, every departure was like a partin for ever. It was only after reading the newspapers that I found out about th Nanchang Uprising.'

Zhou was not the kind of person who gave assignments to his subordinates only to forget about them later. He used Gu Ming and myself as liaison persons to continuously report to him about the progress of the work.

Similarly, after the Revolution, Zhou had to go on several secret missio In 1967, for example, when he went to Wuhan to settle the "July 2 Incident I did not know where the Premier had gone Unexpectedly Chen Yi arrive at his office, he had a number of things to discuss with him 'He is not here' replied upon his inquiry. 'Where did he go?' Chen Yi asked I answered that did not know Chen Yi thought that this was very strange that people who wer working so closely with him did not know where he was Indeed, I did not

The Premier had his own unique timetable. He usually went to bed at dawn Sometimes he retired as late as 8 o'clock in the morning or even later Whil he was asleep, telephone calls and mail would keep pouring into his office. Th first thing he did when he got up was to ask his secretaries to brief him.

Then he made his plans for the day, telling us what he was going to do, what people he would like to see, what meetings he wanted to attend, what messages were to be delivered on his behalf, what archives or documents he wanted us to get for him. Afterwards, he finished his morning toilet and went to office

During breakfast, his secretaries read important reference material to him. He generally lunched out and came back fairly late every day usually around midnight In 1968, foreign affairs activities increased considerably. The Premier often went to the airport to meet foreign guests or to hold talks or organised banquets for them He always asked his secretary for foreign affairs to accompany him and brief him on the way

The Premier had two particular instructions for his secretaries which had to be followed at all times, even if he was asleep First, they were expected to report to him immediately about anything of importance in internal or external affairs Secondly, he wanted to be informed without delay whenever the Chairman asked to see him. The Chairman, for whom Zhou had great respect, lived a very irregular life Whenever he wanted to see Mao Zhou first asked whether he was awake But whenever the Chairman wanted to see Zhou, he went to him immediately, even when he had taken sleeping pills

Whenever he wanted to see Mao, Zhou first asked whether he was awake. But whenever the Chairman wanted to see Zhou, he went to him immediately, even when he had taken sleeping pills.

The Premier had the habit of reading and revising documents every night He sat for hours at his desk to work on them, but he did not allow his secretaries to clean his desk for him He always put everything in order himself before going to his bedroom And he always took a number of documents with him, which he read in bed before turning off the light

The Cultural Revolution created many problems for Zhou In its early stages, disturbances also occurred in Zhongnanhai. The office of the State Council, on which Zhou relied for his work, was close to being paralysed. But the Premier announced that, inside the red walls, the work of the Party Centre and of the State Council had to continue He divided the staff of the Office of the State Council into two parts one was to go outside the red walls to take part in the Cultural Revolution, while the other was to continue working within the red walls This small group was headed by Wu Qingtong who was later nominated as deputy secretary general of the State Council. This allowed the Premier to call meetings and to pass down instructions. When a meeting was

scheduled, Wu Qingtong made sure to get all the participants, no matter where the "rebels" had taken them.

The Cultural Revolution developed in a totally unexpected manner. In the beginning the Premier asked his secretaries to go out and meet with red guards. We went, if only to understand what was going on and to ask them about their demands. Later, as the situation became increasingly complicated Zhou no longer asked his secretaries to go out to talk to the red guards.

Since I was responsible for foreign affairs, the Premier asked me to maintain contact with the Foreign Ministry and the Foreign Languages Institute. He himself went to the Second Foreign Languages Institute for three consecutive mornings. At that time, he was busy all night long, and, at day break, he went there to read big character posters. That way he did not alarm the students. He also went to other places to read big character posters. Later this was no longer possible, since, wherever he went, he was immediately surrounded and could not get away. Once, when he was in Wuhan, he was unable to leave after a mass meeting, until colleagues from the security department quietly arrived with a jeep to take him away. As we could not all squeeze into the same car, we had to use his official "Hongqi" limousine. Everybody surrounded it to try to see the Premier. In order to receive the masses, the Premier often went without sleep, meeting them sometimes at the State Council, sometimes at the Great Hall of the People, sometimes even at the scene. At the Second Language Institute he was like everybody else: he sat on a little stool to listen to the criticism at the meeting.

The Cultural Revolution was a disaster. It damaged the Party, the nation and the people. This has already been clearly stated in the "Resolution on Certain Questions of Party History". It is difficult to imagine how much torment Zhou suffered, both mentally and physically. If it had not been for the Cultural Revolution, he certainly could have — with his good health — lived many more years and could have made many more contributions to the country. Conversely, if it had not been for his painstaking efforts and his role as "a rock in midstream", the losses occurred during the ten years of the Cultural Revolution would have been even greater. At the beginning of the Cultural Revolution, nobody realized that it would drag on for so long.

In January 1967, the "January Storm" broke out in Shanghai and spread to the entire country. There were power seizures everywhere. Beijing also followed suit. The Premier did all he could to keep the situation under control

He laid down strict rules for some ministries – like the Ministry of Defence, and the Ministry of Foreign Affairs. According to these rules the staff was not allowed to take over power but only to supervise the work of the ministries. After the attacks against the Foreign Minister Chen Yi, the Premier advised him that in the overall interest of the country, he should make a self-criticism in front of the masses so that he could return and continue his work.

In 1968, revolutionary committees were established in all provinces. This was followed by the reopening of schools and universities. By that time, the need for the promotion of the economy [illegible] expressed by Mao in such terms as "grasp revolution and promote production" [illegible] had been recognised. Indeed, how could we do without an increase of production, especially when the war in Vietnam was escalating and the Vietnamese were asking for more and more aid. During this period the Premier was under great pressure. He had to solve economic problems, ensure aid to Vietnam and to deal with the "rebels". He was attacked by Jiang Qing who said that the Premier was suppressing revolution by emphasising production.

In short, the internal situation could not be stabilised because Lin Biao and the Jiang Qing group were creating trouble and disorder everywhere. After the September 13 Event and the downfall of Lin Biao, the Jiang Qing group continued with their disruptive activities. A movement was established "to criticise Lin Biao and Confucius" but which was aimed at Zhou Enlai. Attempts were made to "organise the cabinet", the real purpose of which was to control the State, and a campaign was launched "to counterattack the right deviation", the real objective of which was again to criticise Deng Xiaoping. All this lasted till the fall of 1976.

Foreign affairs were seriously affected by the Cultural Revolution. From the start of this movement, diplomatic work almost came to a standstill. And attempts were made at the time to strike in all directions. Kang Sheng played a most devastating role in this respect. What he advocated was tantamount to making enemies everywhere. At the early stage of the Cultural Revolution, Mao had said to Ho Chi-minh: "In your country things are different. You should not carry out a Cultural Revolution. Your task is to throw the US out of your country." But people like Kang Sheng tried to export the Cultural Revolution. At their instigation, people going abroad read Mao's quotations in the planes and

danced the "loyalty dance"; they wrote big slogans on the containers of goods to be exported; they burned down the office of the British charge d'affaires

In 1967 the Cultural Revolution spread to Hongkong. At a factory making artificial flowers, a few workers were dismissed The dismissal became the fuse for the disturbances. Later the British authorities in Hongkong threw out some of our correspondents and we threw out some British reporters In Hongkong, people began to use locally made bombs in the streets as retaliation against the British As the disturbances became increasingly serious, some people began to think back to the general strike in Hongkong in 1925 They wanted to have another general strike on the scale of the one in 1925 when Hongkong was turned from a "fragrant harbour"into a "smelly harbour". The Premier was very critical about this suggestion. He pointed out that there was a great difference between the Hongkong of the 1920s and of the 1960s In the 1920s, the city could be subdued by a blockade; but in the 1960s Hongkong was closely linked with the world and such a tactic would no longer work The Premier called the people concerned to his place explaining his views and analysing the situation, insisting that a general strike would not work But, since the mass media was under the control of Chen Boda, Wang Li and Yao Wenyuan — all members of the Central Cultural Revolution Group — they published an editorial in the People's Daily on June 3 urging the people to be ready to fight against the British authorities in Hongkong, and suggesting that the fighting would escalate if the British suppression escalated. This editorial had a very negative effect It encouraged a number of students in Beijing to attack the office of the British charge d'affaires and burn down the building of the British mission. At that time Chinese relations with the outside world had seriously deteriorated. Our relations with Pakistan and Cambodia were tense. Even our relations with North Korea had become strained. Some countries broke diplomatic relations with us. The Premier had to deal with problems on all sides.

Foreign affairs were seriously affected by the Cultural Revolution. From the very start of this movement, diplomatic work almost came to a standstill. And attempts were made at the time to strike in all directions.

China — to give another example of the turbulence — had regularly organized a trade fair in Guangzhou every year. But in 1967 it seemed almost

impossible to hold such a fair; such items as Buddhas in clay, fashionable clothing or jewellery, displayed at the fair, were considered remnants of feudalism, capitalism or revisionism. The Premier had to fly to Guangzhou to settle this problem. He persuaded the unruly red guards not to tamper with the fair, for the sake of China's export industry. He also took the opportunity to look into the Cultural Revolution of Guangdong Province, holding numerous meetings with the local people which lasted for five or six days and often throughout the night.

Gandhi's underlying humanist outlook was exemplified by his explicit critique of all forms of ethnic and religious chauvinism including, especially among dominant groups, a stance which cost him his life. Much of this is equally timely today.

After a great deal of effort on the part of the Premier foreign affairs began to take a normal turn in 1968. Ambassadors who had been called back to Beijing at the beginning of the Cultural Revolution returned to their posts. In 1971, Henry Kissinger made his secret visit to China which was followed by President Nixon's official visit in the following year. Sino-American relations, which had been severed for 22 years, began to revive. In the fall of 1972, the Japanese Premier Tanaka came to China, and Japan and China established diplomatic relations. After that, many other countries established relations, and heads of state and government came to China one after the other. The Premier was on the forefront of all these activities.

Zhou Enlai actually had no spare time at all during the Cultural Revolution. There was, for example, no such thing as going to the theatre, something which he enjoyed. At the beginning of the Cultural Revolution, there were still dance parties at the Beijing Hotel on weekends, which the Premier occasionally attended. But during the turbulent phase of the Cultural Revolution this was not possible. The Premier was dealing with hundreds of things everyday, often forgetting food and sleep. Usually he worked about 18 hours a day and — theoretically — he had about six hours for rest. But it is hard to say, whether he really was able to rest during those hours. He worked not only in his office, but everywhere: in his bedroom, dining room, bathroom, in his car. Sometimes you could see him working when he was having his hair cut. During the

"September 13 Event", he appeared in the Great Hall of the People wit any sleep for three consecutive nights That evening, I was waiting for hi the office the whole night, but he did not return until two days later.

Even when he was hospitalised, Zhou continued to work. He was ur to stay in the hospital witl thinking of the country and world When he left his office fo hospital he took a huge pil documents with him He gave or that, as usual, someone must b duty at his office round the cl and that the most important c. and documents should be sen him Also, he wanted us to write summaries of all other incoming cables (night, when I was at home, he called me from the hospital asking me to get the statistics on China's import and export of foodgrain He had been rea an article in "Reference News" on the subject and suspected that the fig quoted may be incorrect He wanted to counter check them Nobody c imagine that, as sick as he was, he would still be concerned with the ques of supply of foodgrain to the country Another time the Premier sent me a c of "Reference News" which contained an article about Taiwan He made s comments on it and asked me to forward it to Luo Qingchang to make s further studies The reunification of Taiwan with the mainland was always of his major concerns

The Premier was dealing with hundreds of things every day, often forgetting food and sleep. Usually he worked about 18 hours a day and — theoretically — he had about six hours for rest.

In 1975 the Premier needed a major operation He asked me and Ji D to come to the hospital to take care of the documents he had taken with l. He gave us precise instructions about how to deal with each one of them W we were leaving we wished him a successful operation He shook hands v us and said quietly: "It depends; there are two possibilities"

The Premier met many foreign visitors in hospital At one time, a fore visitor who did not know that he had undergone another operation, insistec seeing the Premier. Zhou did not want to say no, although he could only rec this visitor in bed. When the visitor saw Zhou, he was shocked by his phys condition. This was Zhou Enlai, our beloved and respected Premier. Until last breath of his life he worked for the country, for the people and for revolution.

ZHOU ENLAI: THE MAN AND HIS WORK

JAWAHARLAL NEHRU & ZHOU ENLAI: CONTRASTING PERSONALITIES

V. V. PARANJPE

I got the opportunity of meeting Zhou Enlai on many occasions with different Indian ambassadors. But more importantly, I came to know Nehru and Zhou Enlai closer and better when Nehru visited China in 1954 and Zhou made a return visit to India in 1956. Since I acted as interpreter-cum-liaison officer during both the visits, each of which lasted for about 15 days, I was able to get a closer glimpse of their personalities and working styles.

Jawaharlal Nehru and Zhou Enlai were the two gentle giants of Asia of this century who devoted their entire life to working selflessly and tirelessly for the regeneration of their own people and their countries. Comparisons are invidious but one may be forgiven for making them because these two men had a great impact on their times. They were close contemporaries (Nehru was older than Zhou only by 10 years) and their careers showed many similarities.

Both played a heroic role in the hard struggle leading to the freedom of India from the British and the liberation of China from the Guomindang rule. Both worked closely with two great leaders of Asia, Gandhi and Mao, who affected their course of life. Both studied abroad.

Zhou had a brief stay in Japan and then in France as a student, but that did not affect his mental framework in any way. He joined the Communist Party

in France and remained a loyal communist till the end. He started his career as a member of the famous Whampoa Military Academy of the Guomindang. But soon left it to lead the Communist movement and became its General Secretary in 1928. But by 1935 he was superseded by Mao who held absolute sway over the Communist Party of China from then till his death in 1976. From 1935 onwards Zhou virtually played second fiddle to Mao, hardly ever taking an independent position on major policy decisions. He merely implemented them. Zhou's tremendous administrative abilities and political acumen became an important factor in the success of Mao's often ill conceived ideas. But Mao never recognised or repaid his debt to Zhou and bore no love for him. In fact Zhou had to pass a most unhappy and tortured last decade of his life, from 1966 to 1976, because of Mao's distrust and intrigues against him.

Jawaharlal Nehru and Zhou Enlai were the two gentle giants of Asia of this century, who devoted their entire life to working selflessly and tirelessly for the regeneration of their own people and their countries.

Nehru had a different life. He was born with a silver spoon in his mouth and was sent to the best public schools of Eton and Harrow. Like many British intellectuals and students of the early 20th century, he too became fascinated by Marxism and socialist ideas, and returned to enslaved India as an accomplished British gentleman, given to British ways of life and thinking. However Gandhiji's arrival on the Indian political scene and his totally Indian attitudes and outlook, his ascetic spirit ('*naked fakir*' as Churchill once described him) and practical, innovative ideas of *khadi* (wearing hand-spun cloth), *charkha* (spinning wheel for self-reliance) and *satyagrah* (demonstration for insisting on truth) electrified and stirred the country. Even wealthy anglophiles like the Nehrus were completely bowled over by Gandhiji.

Nehru now became an Indian in spirit but still remained a socialist in his belief and British in his idiom of life. Unlike most Indians, he was punctual, soft spoken, well-dressed, elegant in his tastes and gracious in his manners. He became an ardent follower of Gandhiji. For him it was a big transformation, from Capitalism to Socialism to Gandhism. But he did not give up his socialist ideas altogether. Nor did he play second fiddle to Gandhiji. Unlike Mao, who silenced dissent and suffocated his colleagues, Gandhiji was a true democrat who always won over his colleagues by persuasion and promoted them. During the Congress working committee meetings, Nehru dominated the discussions

Both Nehru and Zhou became Prime Ministers of their respective countries at about the same time and for a long period (Nehru for 17 years and Zhou for 27 years), and both handled foreign affairs. But Zhou proved to be a far more effective administrator and a more accomplished diplomat than Nehru.

Both Nehru and Zhou worked at an exacting pace setting the most rigorous discipline on themselves but not imposing it on others. Both were models of honesty and integrity and both held high ideals. But the difference came in the implementation of these ideals. Nehru was rather casual and vague. Being too much of a democrat, he was undemanding of his colleagues and subordinates, who often miscarried his message. Zhou on the other hand was practical, pragmatic and thorough. He was clear-cut in his instructions and demanding of his subordinates.

Nehru and Zhou met at a rather late age, and from all indications it would seem that they did not hit it off too well, partly because of circumstances and different political compulsions, and partly because of different mental make-up.

Nehru and Zhou met at a rather late age, and from all indications it would seem that they did not hit it off too well, partly because of circumstances and different political compulsions, and partly because of different mental make-up. In all they met five times: twice in 1954, once in 1955, and once each in 1956 and 1960. The first two meetings in 1954 were introductory but friendly; the following two were also friendly, but contained undertones which may have made Zhou Enlai uncomfortable. The last and the most critical meeting was in 1960; it left Zhou baffled and sorely disappointed.

In 1954, at the invitation of Nehru, Zhou made a three-day stopover in Delhi on his return journey from Geneva. On this occasion the two leaders issued the joint-statement on the "Five Principles of peaceful coexistence". In October 1954 Nehru visited China on a state visit and received a very warm welcome. He did meet Zhou a few times but they were official talks; there was little time in the packed programme of sightseeing and meetings with Chinese leaders, for the two to have an informal get-together.

The Bandung conference (April 1955) provided a good opportunity for Nehru and Zhou to come closer. Nehru was perhaps over enthusiastic about New China and Zhou Enlai. Out of sheer goodness of heart he wanted to introduce Zhou to the assembled Asian leaders whom he knew well. The Indian

prime minister thus virtually chaperoned his Chinese counterpart But this had the flavour of a "big brother" attitude. Nehru had probably ignored the fact that China was a bigger and more important country which had a much longer and richer history of diplomacy. The Geneva conference of 1954 served to bring China out of her diplomatic seclusion and also brought home to Zhou the importance of China in world affairs, equal to big powers like the USA, UK Soviet Union and France No wonder, Zhou Enlai did not take too kindly to Nehru's treating him as a junior partner or a younger brother, and thought Nehru to be a little "patronising"

Nehru of course had no such intention but sometimes good intentions get a dark lining. A similar thing happened in 1956 when Zhou paid a state visit to India. He received a tumultuous welcome But the programme was so crammed with meetings and receptions that Zhou and Nehru had little time to themselves A disturbing development distracted Zhou's mind, the Dalai Lama happened to be in India at the same time, and there was apprehension that he might decide to defect to India Zhou talked to him several times but with not much success Nehru intervened to help Zhou out and finally persuaded the Dalai Lama to return to China This was undoubtedly a graceful act of friendship and kindness but to Zhou, it was again a "big brotherly" act, to a Chinese, it also implied a certain "loss of face" Nobody spoke about it but one would not be wrong in suspecting an undertone of unease in Zhou's mind

The last and the worst meeting came in 1960 This time Chou showed all the goodwill but Nehru turned a deaf ear Zhou Enlai specially flew from Beijing to Delhi to seek a peaceful and negotiated settlement of the Sino India border dispute The Chinese prime minister undertook the journey despite serious problems with Mao. 1957 to 1960 were a trying period for Zhou In 1957, Mao had mounted a scathing attack on Zhou for advocating caution in economic development. Having set his heart on the economic misadventure of the "Great Leap Forward" he brooked no doubt or delay and dubbed Zhou to be "a rightist" and even tried to replace him But he could not succeed because of Zhou's popularity, prestige and known efficiency But Zhou's foreign affairs portfolio was taken away in 1958 and given to Marshal Chen Yi

1959 was another stormy year — with the Dalai Lama's flight to India India's grant of asylum to him added fuel to Mao's fire Mao, now openly dubbed Nehru "a reactionary" and "an expansionist". In the August of 1959 at the Lushan meeting, Mao summarily sacked his defence minister Peng Dehuai

on trumped up charges The real reason was that Peng had dared blame Mao personally for the economic debacle

Within 10 days of returning form Lushan to Beijing, Zhou got the disturbing news of Sino-Indian border skirmishes It was followed by angry Indian protests and an unceasing torrent of anti-China propaganda by the Government of India, inspired by some of its careerist bureaucrats Zhou was the first one to see the danger of this war of words deteriorating into a major war But Nehru did not seem much worried or anxious

Badly advised and egged on by the anti-China lobby in the country, Nehru succumbed to pressure and took the position that, "Our borders are not negotiable".

Despite his personal problems Zhou Enlai decided to personally fly to Delhi and talk to Nehru to salvage the situation As U Nu put it Zhou was showing great courage in going to a stormily hostile India But Zhou believed in Sino-Indian friendship and had high regard for Nehru Contrary to Mao's assessment Zhou had tried to put India and Nehru on a better ideological pedestal by classifying Nehru as a "peaceful neutralist" as opposed to American "war mongers" and "status quo" British!

Nehru was of course totally unaware of all this Normally a good-hearted and reasonable man he was led astray by some careerist pro-American subordinates, who had hardly any idea of long-term perspectives and national interests Deftly they manipulated the evidence to impress the prime minister that they had made a wonderful case for India and that the Chinese had no case at all Badly advised and egged on by the anti-China lobby in the country, Nehru succumbed to pressure and took the position that, "Our borders are not negotiable" He had totally forgotten the wise advice of Disraeli that finality is not the language of politics! Zhou had come not to lay territorial demands on India but to seek a political compromise, even by conceding the so-called McMohan Line as he had done in the case of Burma

But Zhou's pleas fell on deaf ears and he left India a sad and heart-broken man utterly puzzled by Nehru's inexplicably, unreasonable attitude Listening to the advice of some petty subordinates and colleagues, Nehru had undermined his own dream and his own objective of Sino-Indian friendship

Both Nehru and Zhou died disenchanted men, broken hearted by the death of the dream that both of them cherished of seeing a good and benevolent relations between India and China

ZHOU ENLAI: THE MAN AND HIS WORK

ZHOU ENLAI DURING THE CULTURAL REVOLUTION

BARBARA BARNOUIN

The history of the Chinese Communist Party (CCP) is replete with numerous internal disputes and power struggles which only a few of the top leaders were able to survive. After Mao's ascension to supreme power in the 1930s, Zhou Enlai was the only person, other than Mao himself, who remained at the apex of leadership throughout his entire political life. His capacity for surviving the metronomic political fluctuations — endemic in the Chinese political system — was indeed remarkable. During the Cultural Revolution — the focal point of this article — Zhou's capacity to maintain his power was tested on several occasions. He survived all of them — always managing to extricate himself from extreme difficulties.

THE FEBRUARY COUNTER CURRENT EPISODE

The first time Zhou became a target of attack was in the spring of 1967. The major reason was Zhou's neutrality during the so-called "February counter current" episode, a term which represented a revolt of members of the Politburo and military leaders against the Cultural Revolution. Their exasperation with the Cultural Revolution broke out at meetings of the Central Military Commission in January, and at an enlarged Politburo session in February 1967. One after the other, the veteran leaders underlined the horrendous effects of the movement on the two major institutions of the Chinese political system, the party and the army. The major consequence of the "February counter-current" movement was the enhancement of the influence of the Cultural Revolution Group to the detriment of the traditional leadership. Mao's condemnation of the

veteran leaders as representatives of a "counter-revolutionary restoration," and his decision in March 1967, to place the Cultural Revolution Group at the centre of command by ordering it to oversee the Politburo, considerably reduced Zhou Enlai's ability to manoeuvre. Although Zhou had presided over these meetings, and had maintained a neutral stance, a nation-wide campaign launched against the "February counter-current" created a great number of difficulties for him. His political status was overshadowed by that of Mao's wife, Jiang Qing, the de facto leader of the Cultural Revolution Group. Zhou was deprived of the assistance of most of his deputies at the State Council, who had become targets of attack. Radical groups accused him of having, in fact, been the backstage boss of the February counter-current." A fairly generalised impression began to take shape among some radicals, that there was basically no difference in the politics of Liu Shaoqi and Deng Xiaoping on the one hand, and of Zhou Enlai on the other.

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This discernment, although not unfounded, clearly had major implications on Zhou's political position. Word began to spread around among Red Guards and rebels, that the struggle against Liu and Deng had come to an end, and that a new phase of the Cultural Revolution had begun whose main task was to solve the contradictions between the old administration, (a reference to the State Council and therefore to Zhou Enlai) and the new "Cultural Revolution Group." This movement against Zhou was brewing with the implicit support of some of the members of the Group. It was furthermore compounded by the circulation of a fabricated Guomindang document of the 1930s from which one could infer that Zhou Enlai might have been a "renegade" to the party -- an allusion which, in the midst of a violent campaign to ferret out renegades, could have the most devastating consequences for the Premier.

Mao, however, stopped these trends against Zhou -- for two reasons: One, he needed him to run what was left of the country's economy and administration; and two, he wanted to continue his strategy against Liu and Deng and was

therefore not disposed to accept any digression. Upon his instructions, members of the Cultural Revolution Group, in May 1967, convened a meeting to which they invited representatives of all the groups, who had voiced opposition against Zhou, but none of his supporters, which did not correspond to the usual practice. It is interesting to note that, while at the meeting they declared that Zhou was an important member of Mao's "proletarian headquarters", and therefore must not be attacked, they did not criticise those who had opposed him. This was hardly in conformity with the political practice of that period

OPPOSITION TO ZHOU'S ECONOMIC AND FOREIGN POLICY

Some of Zhou's political concepts also met with opposition. He was of the opinion that the Cultural Revolution should be essentially played out in the cultural and academic sectors, while continuing with economic production, and while maintaining foreign relations on an even keel. Here again Zhou was attacked.

In June 1966, when the first signs of instability began to appear in the industrial and transportation sectors, Zhou Enlai and the Central Committee issued a joint circular to remind enterprises that they had to fulfil production quotas. But, little heed was paid to this reminder. In fact, within a few months the economic sector was seriously disrupted by strikes, by factional fightings and by a virtual paralysis of the transportation system which was monopolised by the Red Guards roaming around the country by the millions. At the central government level, ministries in charge of different economic activities were attacked, and a large number of ministers, vice ministers and other leading personnel were virtually kept away from their work. Similar onslaughts took place at provincial, municipal and local levels. In November 1966, workers in Shanghai — soon emulated by workers in other areas — established their own workers' organisation. Zhou, at first, refused to recognise them. Insisting on the need to maintain the established order in the economic sector, he organised a conference of representatives of major cities and ministries involved in economic work who agreed with him on that question. At the conference, Zhou and the officials insisted that their work had always been guided by Mao's revolutionary line, and that there was no need for new workers' organisations or for the presence of Red Guards in factories. But they were countered by a regulation

prepared by the Cultural Revolution Group, stipulating, to the contrary, that workers should establish their own revolutionary organisations, and that students and Red Guards should be admitted to factories "to exchange revolutionary experiences" with the workers. With Mao's official support to the Shanghai workers, the argumentation of the Cultural Revolution Group prevailed.

In the foreign affairs sector, the situation was equally serious. Zhou had made efforts to separate it from the turbulence of the Cultural Revolution. His argument was that the broad framework of foreign policy could not be questioned.

In December, Lin Biao strongly criticised the conference emphasising that wrong political notions had become so deeply ingrained in the minds of cadres that it would take them ten to twenty years to learn how to see things differently. It was thus unavoidable, Lin said, to promote the Cultural Revolution in all areas "to let it engulf every field". The Cultural Revolution Group also attacked the participants of the conference and denounced the State Council's attempt to "starve the revolution" under the pretext of promoting production. In the face of such opposition Zhou's instinct for political survival induced him to adjust his own attitude towards the problem. In December, at a meeting of the Politburo, he accused the ministers who had participated in the November meeting of having demonstrated "a poor understanding" of the Cultural Revolution by their concern about its adverse effect on the economic sector. All his attempts to persuade them to the contrary, he said, had been to no avail. With this approach, while he apparently identified himself with Lin Biao and the Cultural Revolution Group, his real objective was to identify himself with Mao. At the State Council he thus developed a more prudent approach to the problem, frankly telling his ministers that the situation created by the Cultural Revolution was, at the moment, irreversible, and that the only way to survive was to go with the tide.

In the foreign affairs sector, the situation was equally serious. Zhou had made efforts to separate it from the turbulence of the Cultural Revolution. His argument was that the broad framework of foreign policy could not be questioned, since it had been formulated by Mao Zedong and executed by Zhou himself. If any problems arose, they could be rectified by improving the style of work.

As previous political movements had avoided any interference in forei policy issues, it appeared only logical to assume that this would also be the ca with the Cultural Revolution, especially since a Central Committee directi of June 1966 had specified that "a clear distinction between internal and extern matters" should be maintained. This implied that foreign affairs could not formulated outside the Foreign Ministry, and that outside interference by R Guards and others should be avoided. Chinese diplomatic missions and oth representations abroad were therefore instructed to maintain their usual style work, and to shun any confrontation with the radical proponents of the Cultu Revolution.

This position, however, could not be maintained for long, since the Cultu Revolution had spilled over into foreign affairs Three major factors contribut to this development Firstly, Mao's thinking on class struggle in Chinese socie and in the world had become more radical as he started to link the Cultu Revolution to the cause of the international communist movement Secondl Mao's animosity towards Krushchev had reinforced his distrust of the Sovi Union as a possible leader of world communism, and he began to claim th leadership for himself. This was clearly expressed by the "People's Daily", whi characterised the Cultural Revolution as the fundamental historical forc indispensable for the realisation of world communism The third factor was th transformation of the central leadership structure, which became particular pronounced after the "February counter-current" episode The Cultu Revolution Group became the most active force at the level of central decisio making and as such, interfered more and more frequently with foreign affai

Noticeable conceptual differences existed on foreign policy issues betwee Zhou Enlai and the radical Cultural Revolution Group While Zhou emphasise the need for maintaining a "peaceful international environment", the radica stressed the urgency of promoting revolution. They contended that, in the pas foreign policy had followed the reactionary line of Liu Shaoqi and Den Xiaoping — the two leaders who had become targets of the most severe politic attacks during this stage of the Cultural Revolution — who, according to Kan Sheng, had surrendered to imperialists, Soviet revisionists and foreign reactionarie The two of them, he argued, had abandoned all support to the revolutiona struggle of the suppressed people of the world. Instead of achieving th objective, China's relations with most countries had deteriorated, and it ha become increasingly isolated on the international scene

With their newly acquired power and their control of the mass media, the radicals were able to impose, to a large extent, their vision on foreign affairs, stirring up trouble with other countries. Zhou Enlai could do little to fend off this popular fanaticism against foreign countries. Once again -- as in economic affairs -- he compromised accepting the suggestions from the radicals to lodge "the strongest and most vehement protest" against foreign countries after relatively minor incidents. In fact, he even -- though reluctantly -- approved plans to hold mass rallies against the Soviet Union, Indonesia, India, Burma and the British authorities in Hongkong.

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At the institutional level, too, Zhou's authority in foreign affairs was seriously weakened by the Cultural Revolution Group. The Foreign Minister, Chen Yi became the main target of attack by the Cultural Revolution Group from above and by Red Guards and rebels from below, as a result of which he was unable to perform his duties. Most of his close collaborators also came under the scrutiny of the radicals. None was allowed to perform their normal duties.

The interference of the radicals reached a high point when Wang Li, a member of the Cultural Revolution Group, gave a talk to a select group of Foreign Ministry officials on August 7, 1967. In it, he insinuated that Mao had asked him to look into the matters of the Foreign Ministry because it lacked political strength and needed to become more active. This intervention was a clear affront to Zhou and to his efforts to keep the Ministry's internal affairs in his own hands. He was still viewed as one who was -- despite all the constraints already imposed on him -- too independent and too powerful in this area.

CAMPAIGN AGAINST ULTRA-LEFTISM

In 1968, however, Zhou's position improved considerably. The radicals were under siege; the campaign against ultra-leftism had been launched. It became the official policy to restore order, a task that suited Zhou's temperament. At the leadership level, two opposing groups, led by Jiang Qing and Lin Biao

respectively, had emerged. They were increasingly hostile to each other, and a modern type of palace intrigue dominated their relations. While Zhou Enlai made every effort to keep on good terms with each of them, he used all his resourcefulness to remain above the quarrels. With Lin Biao's disappearance in September 1971, Zhou's position improved even further. Before this event, he had been mainly involved in matters of the state and of administration. In 1971 he became second to Mao, handling party and military affairs as well. His new position of power prompted him to launch his own version of a campaign against ultra-leftism. Since Lin Biao was condemned for having followed ultra-left policies by purging military leaders, Zhou's campaign focused on the rehabilitation of cadres and on the restoration of order through the re-establishment of rules and regulations. At first, Mao, who himself had rehabilitated a number of veteran leaders (Luo Ruiqing, He Long and others), encouraged this policy. But soon he began to have second thoughts. Mao began to fear that the continuous condemnation of ultra-leftism would lead to the total negation of the Cultural Revolution -- something that Mao could not tolerate, since he was convinced that the Cultural Revolution was among his greatest achievements. At the end of 1972, he, therefore, abruptly stopped Zhou's campaign, declaring that Lin Biao's policies, after all, had not been that ultra rightist. At the same time, he began to support the restoration of "newly born things" of the Cultural Revolution, promoted by Jiang Qing and her followers.

The 10th Party Congress in August 1973 reinforced the two antagonistic groups represented, on the one hand, by Zhou Enlai and the veteran cadres who had either survived or had been rehabilitated, and, on the other hand, by Jiang Qing and the Cultural Revolution faction. Their controversies stretched over a vast number of issues, reaching a high point in 1975/6 with a dispute regarding the basic principles that should guide the CCP policies. While Zhou and the recently reinstated Deng Xiaoping emphasised the "four modernisations", the Cultural Revolution faction reiterated and even sharpened old arguments pertaining to "capitalist roaders" in the party.

CAMPAIGN AGAINST ZHOU'S FOREIGN POLICY OF THE 1970s

In the first half of the 1970s, Zhou's successful efforts in reorienting Chinese foreign policy enhanced his international image. With high-level visitors from abroad paying tribute to his intellectual abilities, his overwhelming

charm, his great negotiating skill, his grasp of details as well as his analytical powers, Mao could hardly tolerate that Zhou — and not he — was widely considered as the architect of the new Chinese foreign policy, thus overshadowing Mao in international stature. In 1972, he began to criticise the Foreign Ministry whose appraisal of the world situation he did not appreciate. In Mao's view, the Ministry failed to discuss "important matters" with him while producing reports on "minor matters." He warned that "if the situation does not improve, revisionism is bound to occur." As these attacks were clearly directed against Zhou himself, they were taken as a signal by his grand niece Wang Hairong, who was close to Mao and who had been quickly promoted within the Foreign Ministry, to organise "Mao Zedong Thought classes" to convey his "lastest instructions" to the less privileged leadership and staff members of the Foreign Ministry. The "classes" propagated more or less veiled criticism of Zhou and for the first time, since the start of the Cultural Revolution, the conservatives in the Foreign Ministry began to waver in their support of the Premier. Wang also reported to Mao that Zhou had made "unauthorized statements" during his talks with Henry Kissinger, especially on Taiwan on which Zhou apparently appeared to have been particularly cautious. Mao took her allegations seriously. He ordered the Politburo to criticise Zhou's "mistakes" in foreign policy. In November 1973, at several meetings of the Politburo — enlarged by officials from the Foreign Ministry — Zhou had to listen to the denunciations not only by his senior colleagues but also by his own [illegible]ordinates.

With high level visitors from abroad paying tribute to Zhou's intellectual abilities, his overwhelming charm, his great negotiating skill, his grasp of details as well as his analytical powers, Mao could hardly tolerate Zhou.

INNUENDO CAMPAIGN AGAINST ZHOU IN 1974

In 1974 criticism against Zhou took a new form. The campaign against Lin Biao and ultra-rightism — which formally took the form of criticising Lin, Confucius and Zhou Gong — were in effect criticisms directed at Zhou Enlai. It saw in Confucius a symbol of retrogression in Chinese history. Wang Hairong again complained to Mao about Zhou, accusing him of adhering to the

Confucian "doctrine of the mean". Jiang Qing went even further: she suggested that the present struggle should be considered as the "11th line struggle", a momentous accusation which attempted to place Zhou in the same category as Liu Shaoqi and Lin Biao. Though Mao encouraged the campaign against Lin, Confucius and Zhou Gong, he put a stop to identifying the 1974 campaign to the earlier "11th line struggle". For the first time in his life, Zhou became the target of a nation-wide campaign. This was particularly cruel in view of the fact that his physical condition was seriously deteriorating. While he was hospitalised in April 1974, an article depicted Zhou in the role of Confucius as prime minister of the State of Lu who also was critically ill. Shortly thereafter, another article described Confucius as a sick man who, like Zhou, had a bent arm. The criticism of Confucius was extended to several other prime ministers in Chinese history among whom was included a prime minister of the western Han dynasty (206- 23 AD). He was characterised as "a very shrewd old bureaucrat, good at handling human relations" who was "ambiguous and who, in order not to defend anybody, never revealed his true attitude". The link between this prime minister of the Western Han Dynasty and Zhou Enlai was not difficult to establish. A host of articles also criticised Confucian teachings of "restoring families that have lost their position and of calling to office those who have fallen into obscurity". The criticism in effect was directed at Zhou Enlai for his efforts to restore normalisation and to reinstall veteran cadres to their previous positions. Although the official press — controlled by the Cultural Revolution Faction attacked Zhou by innuendo, Jiang Qing was more explicit. She talked about "the most important Confucian disciple of modern times" which, in her view was not Chiang Kai-shek, or Lin Biao, or Liu Shaoqi. There was no doubt in anybody's mind that she was referring to Zhou Enlai. She used several cultural events in her attacks against him. In 1972, for example, the Italian film director Antonioni, produced a TV documentary on China. The official press accused this film of being hostile towards China and the Cultural Revolution, since it had chosen to present the backward and dark side and not the progressive and bright side of Chinese life. The documentary was considered "a product of cooperation between spies and traitors". Since the Foreign Ministry had authorised Antonioni's visit, and had provided all the facilities to produce this film, it was quite clear that the blame was directed at Zhou Enlai.

During the peak of the campaign in 1974, industrial production decreased again, while government and trade deficits were on the rise. The return to the

cities of millions of young people who, in the late 1960s, had been forced into migration to the countryside, created numerous problems of reintegration and unemployment. The rehabilitation of Deng Xiaoping and the tremendous vigour with which he set to work raised hopes of social and economic normalisation. Deng's reinstatement and his efforts to restore order by reestablishing discipline, rules and regulations were strongly supported by Zhou Enlai. They did, however, represent a setback to Jiang Qing and her followers especially after the re-introduction of regulations in education and other sectors.

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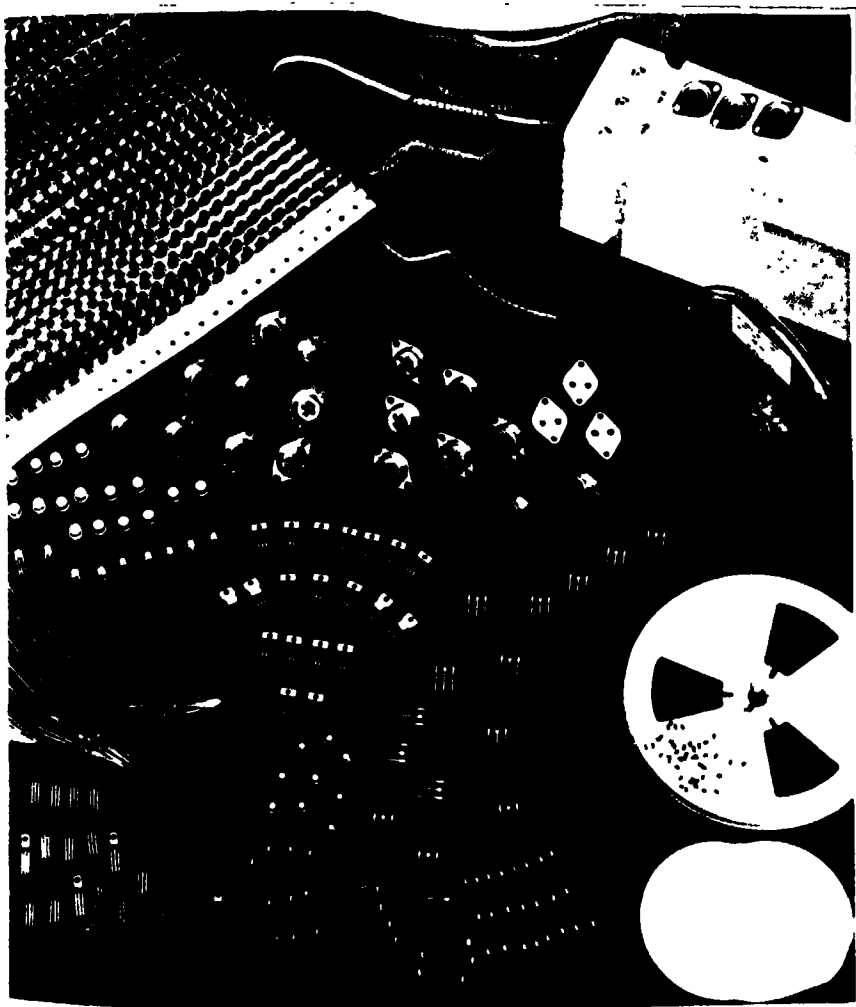
During the preparations for the 4th National People's Congress in January 1975, where the main issue was redistribution of power, attacks were continued against Zhou. In fact radicals under Jiang Qing's guidance attempted to make up for her loss of influence by proposing her as a candidate for prime ministership and by increasing her control over the State Council. While, Mao once again overruled her, Zhou, as usual, avoided any confrontation with Jiang Qing and her group by leaving a number of ministries – the Ministry of Culture, of Public Health and the Sports Commission – to her faction. A number of posts of deputy ministers and members of the ministerial party organisations were also assigned to them. But as Jiang Qing was not satisfied with these concessions, she again made attempts to intervene in foreign affairs. She declared her opposition to the plan to send Deng Xiaoping and Qiao Guanhua, then vice foreign minister, to the UN General Assembly.

Wanting to maintain a balance between the two opposing forces, and exasperated by Jiang Qing's continuous bickering, Mao again overruled her. But as Mao was also exasperated by Deng Xiaoping's reform policies he sanctioned, at the same time, yet another campaign against "right deviation" that focused on an alleged "capitulation in front of capitalism". This campaign, named "Water Margin Campaign" – inspired by the "negative example" of the Chinese classical novel, *The Outlaws of the Marsh* attacked Deng's efforts to introduce pragmatic policies as a restoration of capitalism. By the end of that year, Deng was deprived of all his responsibilities. And Zhou Enlai died on January 8, 1976.

QUEST FOR SURVIVAL--CONCLUDING REFLECTIONS

Zhou's ability to politically survive was very much contingent on Mao particular need for him Although Mao was conscious of the fact that Zhou's political concepts were not always identical with his own, he was also aware of Zhou's strong sense of loyalty towards him which, in the final analysis always led Zhou to adjust his position to that of Mao, always avoiding any situation of direct confrontation with him. Also, Mao was convinced of Zhou dedication to his work and of his efficiency as the chief administrator of the country.

All this led him to protect Zhou every time he was under serious threat During the early stages of the Cultural Revolution, he put an end to the attacks against Zhou by the most radical elements in Chinese society Later, whenever power struggles became fierce enough to threaten Zhou s political existence Mao checked all those who were at the origin of the attempts to topple Zhou including his wife and her radical supporters W

POST-COMMUNIST RUSSIA:

PROBLEMS OF TRANSITION

For a variety of reasons, post-Communist Russia's transformation from an authoritarian regime has been more complex than the democratisation process of many other nations. In fact, the democratic transition in Russia has been interrupted, and the country seems to be heading toward a hybrid oligarchy whose future remains uncertain

ANDREI MELVILLE

There has emerged in recent years two distinct schools of thought regarding what happened in post-Communist Russia. For some its transition from authoritarianism to democracy is a part of one global process — a process of "global democratic revolution". For others, post-communism is a specific phenomenon, and there is no reason to compare it with the process of democratisation in southern Europe and Latin America. In line with this thinking, post-communism is perceived as a "peaceful revolution"— a revolution that is hardly comparable to the other processes of democratisation because of its very specific political and socio-economic tasks.

Indeed, the post-communism of today has many elements that can be understood only with the help of different theoretical models — models that see the present developments as a component of the global democratic wave. It is therefore important that we should try to place the whole question of transition from authoritarianism to democracy in larger theoretical perspective before delving into the specificities of post-Communist Russia

A THEORETICAL PREAMBLE

The theoretical questions we have to ask are Why does democratisation begin earlier and proceed more smoothly in some countries than in others? Why do some non democratic regimes initiate a gradual democratisation themselves, while others resist it until they collapse? In an effort to answer these questions some authors emphasise structural factors (socio-economic and cultural conditions as prerequisites of democracy and democratisation), while others stress procedural factors (the sequence of specific choices) which influence decisions and actions taken by concrete political actors on whom the process of democratisation rests

Thus, some authors like Almond and Verba, Rustow, Ingelhart and Lipset try to demonstrate correlations between socio-economic and cultural-normative variables and the chances of establishing and preserving democratic regimes in different countries These correlations are often interpreted as proof of the fact that democratisation is conditioned by objective social structures, rather than by subjective intentions and actions

According to these authors there are three main structural prerequisites for democracy first, ensuring national unity and achieving a national identity, second, achieving a sufficiently high level of economic development and third the spread of specific cultural norms and values that recognise democratic norms tolerance trust and civic duty

The first structural condition the problems of national unity and identity should be solved before the process of democratisation can be inaugurated These problems can often create serious obstacles for democratic transitions In fact acute national conflicts which lead to a rise in various types of nationalism and nationalist movements make democracy practically unachievable

The second prerequisite the linkage between democracy and the level of socio-economic development and modernisation of society — is less evident today than a few decades ago, when the supporters of a structural approach to democratisation formulated the hypothesis that there was a connection between the well-being of a nation and the likelihood of it becoming a democracy These doubts are both of a theoretical and of an actual character.

Theoretically speaking, is it correct to interpret democracy on the basis of economic determinism — as a rectilinear consequence of certain socio-economic conditions? What is important for democracy is not economic development and the achievement of well being as such. The vital factor is the creation of socio-economic prerequisites for the development of a strong middle class as the social base of a future democracy. However, this factor alone does not guarantee democracy either.

It is well known that there are non-democratic regimes such as Singapore with a high level of economic development. On the other hand, India with a sufficiently stable democratic order does not belong to the developed countries of the world.

Actual experience also confirms that democracy is not necessarily determined by socio-economic development. It is well known that there are non-democratic regimes such as Singapore with a high level of economic development. On the other hand India with a sufficiently stable democratic order does not belong to the developed countries of the world. Recent studies show that there is no direct connection between democratisation and the level of economic development. Democracy is not a direct product of economic development and modernisation; it can be initiated in economically underdeveloped societies, even though it has more chances of survival in a modern, developed society.

The third correlation relates to cultural conditions, especially the diffusion of values associated with a "civic culture" and certain religious (mostly Protestant and to some extent Catholic) traditions as structural prerequisites of democratisation. Modern democracy certainly originated in Protestant countries, but the diffusion of democratic values in the Catholic world is not a simple matter. (What's more, it has still to be convincingly demonstrated that democracy, in the form presently known to us can take deep root in Orthodox, Muslim or Confucian cultural soil.) There is no doubt that norms and values like acceptance of pluralism, tolerance, mutual trust and the recognition of democratic rights and freedoms — together with a relatively high level of economic development and well-being — create a climate which is favourable for democracy. In this sense there is a correlation between democracy on the one hand, and economic development and

political culture on the other. The supporters of a structural approach were quite right to emphasise this.

Nevertheless, the existence of certain correlations is not the same as stating that there are preliminary structural conditions without which it is impossible to initiate democratisation. Firstly, such correlations do not present obligatory prerequisites but only indicate factors which facilitate or impede democratisation. Secondly, what is considered by some authors to be the prerequisites and conditions of democracy can prove in reality to be the results and consequences of the process of democratisation itself.

Doubts about the universal and substantial nature of the thesis regarding common socio-cultural prerequisites of democracy led to the emergence of another methodological approach to the problems of democratisation in modern transition theories. This approach focuses on endogenous factors of democracy and democratisation — that is, not on prerequisites but on [illegible] processes, procedures and political decisions made by the agents of democratisation themselves. From this point of view the sequence and mutual correlations of specific political decisions and actions, and the tactics which are chosen to initiate and carry out democratisation are more important for the outcome than prerequisites that exist (or do not exist) at that moment [illegible]. The main element of such an approach is to focus upon the interaction of competing elites and the elites' deliberate choices of transitional forms and institutions as parts of a new political set-up in the [illegible] of their political bargaining.

This second structural approach applies particularly well to the third [illegible] of democratisation, which is characterised by extreme diversity when [illegible] to points of departure, political trajectories, agendas of transformation [illegible] strategies. We can exemplify this by pointing to varieties of [illegible] democratisation, from Paraguay and Honduras to Poland and Romania. But [illegible] true that these two approaches — the structural and the procedural — [illegible] exclude each other, as is generally believed?

There is really no insurmountable contradiction between these two methodological approaches and they may even complement each other. In [illegible] they deal with different aspects of the same type of phenomena, the phenomena of democratic transition. Theoretically, nothing impedes a synthesis of the two methodologies, with one of them focusing on structural

factors (even taking into account the above mentioned doubts about the universal nature of these factors) and the other on procedural factors.

It goes without saying that the specific decisions and actions of political actors in many crucial moments determine the course of democracy and of the social transformations connected with the transition. The actors themselves choose their actions, strategies, and tactics, and in this way they also choose the procedures and institutions to be established

However, the actors who choose their actions and thereby create institutions during a transiton period do so in circumstances which are not created by themselves In other words, the choice is not absolutely arbitrary It is determined not only by procedures, that is, by specific political actions, but also by structural factors – above all by the burden of the past, by preceding traditions, and by the broad social context in which it takes place It is possible to begin crafting a democracy without waiting for the right structural conditions, the preceding traditions and the general context in which a choice is made influence the progress and the results of a democratic transition

Tradition and context determine how the chosen procedures and the established institutions work to a large extent Structural factors by their existence and character, affect formal procedures and institutions This explains for example, why in one case elections become a most important institution for the emerging democracy and why, in some other cases, they are used by a new oligarchy as a mechanism of self-preservation Democracy as an institutionalised uncertainty presupposes, nevertheless, a choice between options which are determined to a great extent They are determined both by the procedures which are used in the process, and by conditions and traditions already in existence before democratisation started

It must, however, be admitted that at present even a preliminary theoretical synthesis of these two methodological approaches has not yet been achieved. Such a synthesis would be equally important for the elaboration of an integral theory of contemporary post-communism, the last of which has been described above. To reveal what is general and what is particular in various types of democratic transitions (including those in Russia) can provide additional data necessary in the search for answers to this theoretical challenge.

RUSSIA'S POST-COMMUNIST TRANSFORMATION

Russia's post-communist transformation in many respects stands apart not only from the classical Southern European and Latin American transitions, but also from such transitions in Central and Eastern Europe. The specific distinguishing features of the Russian transition can be grouped into two categories: the first is the general context and the conditions in which the processes of reform and transformation was initiated and developed in the USSR and thereafter in Russia, the second refers to the internal specific features of these processes.

THE INTERRELATED TASK OF POLITICAL AND ECONOMIC REFORMS

It has become almost trivial to speak about the unprecedented task of carrying out both a democratic transformation of the political system and market economy reforms. Ideally, both the tasks should not only condition one another, but also should mutually support each other: while democratisation facilitates the market, the market creates the economic and social basis of democracy. In classical post authoritarian transitions the problem concerning the simultaneous development of political and economic reforms does not, strictly speaking, arise because a market economy already exists in some form or the other. In the Soviet Union and then in Russia, these two tasks proved in many respects to create obstacles for each other.

By this we are not suggesting that painful, economic structural transformations, including the *de-etatization* of property, were not on the agenda of other democratic transitions, only that successful political and economic reforms, including those taking place in the countries of Central and Eastern Europe, were not carried out simultaneously. Nor were they carried out in China, where economic reforms did not only precede, but actually replaced political reforms.

In successful democratic transitions political democratisation was carried out first, then effective democratic institutions were built and consolidated, and only thereafter came the establishment of an "economic society", that is a system of social guarantees and mediating institutions between the state and the market. Only after these painful economic transformations were carried out, did political democratisation help to ensure mass support for

democracy during heavy economic reforms, on the one hand, and a social contract, on the other hand was provided to facilitate the economic transition.

Neither of the above patterns occurred in Russia. The building of democratic institutions was impeded. After 1991 the partly disintegrated and partly destroyed state was not restored. The new post-communist regime of Russia tried to make its functions its own. In other words, Yeltsin did not either create democratic political institutions that could have supported the economic reforms, nor did the institutions of state support the market economy and the social security system. Painful economic reforms that were not accompanied by a social contract and that were not supported socially or politically fell upon the unprotected population.

Yeltsin did not either create democratic political institutions that could have supported the economic reforms, nor did the institutions of state support the market economy and the social security system.

When analysing this, one ought to go beyond the framework of the market's opposition to the command administrative system, this is mainly for theoretical and comparative reasons, for in none of the countries which underwent successful democratic transitions during the last two decades did the market economy appear in its pure form – undoubtedly a main prerequisite of or a guarantee for democracy. Herein lies the source of one of the fatal errors of the early strategies of Russia's transition, which arose out of the belief that an unconstrained market is enough to provide the economic and social basis needed for political democracy.

A comparative analysis of what actually happened during successful democratic transitions shows that nowhere - neither in Southern Europe and in Latin America, nor in Central and Eastern Europe - did the transition to democracy rely solely on the reconstruction of the classical ideal of the free market under a state functioning as a "night watchman". Contrary to widespread misconception, the logic and actions of successful democratisers were quite opposite: first, there was a radical political transformation (the building of effective institutions of democracy) and then social reforms which provided some sort of a social safety net and a social basis of support

[illegible] democracy, followed only after that by profound structural transformations of the economy (the establishment of a modern, social market).

The ideological opposition of the market to state interventionism does not work when applied to the present situation in Russia either. The former administrative system of economic management, which had already disintegrated by the end of the Gorbachev epoch, was completely crushed through the efforts of the reformers. But at the same time many key administrative levers of influence still continued to exist. The previous [illegible]onomic system thus was broken down before an effective democratic power was created. As a result, there has appeared not so much an economic as a political market (which is semi-criminal at the same time) – a market where bargaining between political and economic clans in key positions, combining power and property, takes place.

These clans do not need free market economy competition. They have adjusted themselves well and have also adjusted the state they privatised to their personal and corporate needs. It is the state, now upheld by shadowy political bargains and by state subsidies, that is needed to preserve the [illegible]nopoly of and the domination by certain cartels of the economy.

Russian economy and politics today are no less merged together than [illegible] in the Soviet epoch. The current economy in Russia is actually [illegible] although it is dominated by monopolies in the financial and [illegible] sectors that rely on state support, it also contains a service [illegible] large enough to have an impact and to apply the rules of a wild and [illegible]unised market. The impact of this social segment is not so much [illegible] as socio-psychological. A stratum of active people, oriented towards [illegible]pendent and individual goals, is gradually emerging. This can gradually [illegible] the social basis for real rather than declared market economy relations.

[illegible] LACK OF A SOCIAL BASIS FOR DEMOCRACY

S[illegible]ly speaking, and seen from the standpoint of political democratisation and its tasks, the transition to market economy is not an end in itself but [illegible] means of creating a middle class as a mass social base for democracy. The [illegible]cesses of modernisation, which went on in a concealed way in Soviet [illegible]ty at least from the 1960s, created a kind of an embryonic middle class [illegible] in the end became the grave-digger of communism. However, as

distinct from the middle class associated with Western societies, it w
"old middle class" that was shaped by its professional and institutional p(
in the state system, and not because of property ownership.

It was with the disintegration of the Soviet state, compounded b
deepening economic crisis and the initiation of market economy re
that this embryonic Sovi(
middle class was actually w
away, as society split up int(
poles (a process also typi(
Third World countries) - a
of mass poverty and a n:
stratum of wealthy but sc
amorphous elements As
"new middle class", it has
appear in Russia Consequ
the problem of shaping an adequate mass social base for democracy,
on private property relations as opposed to attitudes to the state, re
unsolved in post- communist Russia

The processes of modernisation, which went on in a concealed way in Soviet society at least from the 1960s, created a kind of an embryonic middle class that in the end became the grave-digger of communism.

III CRISIS OF NATIONAL IDENTITY

Another specific feature of Russia's democratic transition is its polye
composition, and the emergence of centrifugal forces of nation
under the slogan of democracy — factors that in the end led t(
disintegration of the USSR and which continue to threaten Russia D
the progressive disintegration of Soviet society national and nation.
ideas were used to give meaning and substance to the programme of
communism. However, in the post-communist context the desire for nat
revival began to assume forms that were hardly compatible with demo
and in some cases were directly contradicting it - nationalism assume
features of an openly ethnocratic and imperial form of statehood

Attention should be drawn to the crisis of national identity, whi
clearly felt today in post-communist Russia, confronted with the ta:
ensuring national unity. This is an aspect which is quite specific to R
and which cannot be found, as a rule, in other cases of democratic transit
From a long-term perspective it may prove to be the most difficult

because at present there is no clear answer to a seemingly self-evident question: what is today's Russia like? Did it really inherit the status of the USSR? Or is it only one of the empire's 15 splinters? Is it true that post-communist Russia represents a fundamentally new type of statehood which emerged, as it were, out of the rubble of the empire's collapse? Or is today's Russia a continuation of the framework of the Eurasian geopolitical entity, which is huge and unique in the history of civilisations, and which existed first in the form of the Russian Empire and then in the form of the USSR?

There is still no answer to the question as to whether it is possible to achieve a different — democratic and non-imperial — regime that could govern and organise these giant territories, which have historically been structured in an autocratic and imperial paradigm. Until answers to these questions are found, until the problem concerning territorial integrity within the framework of a voluntary federation is solved, and until the new national identity of post-communist Russia is established, it is difficult to predict the future and the consequences of Russia's transformation.

OTHER SPECIFIC FEATURES OF RUSSIAN TRANSFORMATION

The democratic movement in Russia was different from similar movements in other cases of democratic transitions. Unlike the small movement of the 1960s-1970s of dissidents among the intelligentsia, which was almost completely crushed during the Brezhnev period, the democratic movement at the beginning of *perestroika* was the product of communist reformism and had numerous ties with the Soviet system. As distinct from opposition movements in Eastern European socialist countries, it was engendered not by the civil society but by the state emerging within the Soviet system, and initiated by the system's most far-sighted and capable segments. By the mid-1980s they came to the conclusion that liberalisation was needed for the sake of preserving the foundations of the system.

For this reason the socio-psychological basis of the democratic movement which emerged in the favourable atmosphere of *perestroika* did not have its roots in the dissident traditions of resistance to the regime (as was the case, for example, in Poland or Hungary), but was to a great extent shaped by a specific conformism, and special kinds of career orientations. This, naturally, in no way belittles the invaluable contribution of the democrats of the

perestroika wave to the cause of democratisation What we mean is something else: unlike in many other democratic transitions, the democratic opposition outside of the Soviet regime was created in many respects by the authorities themselves

The idea of democracy initially assumed the character of an amorphous myth containing a general, ideal image of the desired future. Because of this, both the myth of democracy and the myth of the market existed as a kind of symbiosis, as a magic means of solving all economic problems and achieving mass well-being at Western levels. However, in the mass consciousness this ideological symbiosis proved to be short-lived

Both the myth of democracy and the myth of the market existed as a kind of symbiosis, as a magic means of solving all economic problems and achieving mass well-being at Western levels.

The destructive social consequences of the first economic shock had already put an end to the idealisation of market reforms in 1992. The dramatic political crisis and the repressive violence of the parliament in 1993 dealt a heavy blow to the illusions of democracy in Russia. Both events led to the emergence of a profound, ideological crisis and to a value vacuum in mass consciousness, and eventually to a crisis in the democratic movement

This crisis was also predetermined by another factor — by the actual betrayal of the democratic movement by the new regime, in the establishment of which the movement had played such an important role. The Yeltsin regime, which put much emphasis on the personal charisma of the leader, did not follow a path that could have led to any real reforms; it neither built up any effective institutions of democracy, nor re-established the system of tough authoritarian power. In this connection other specific features of Russia's democratic transition became apparent

1 ABSENCE OF ANY PACT BETWEEN REFORMERS AND CONSERVATIVES

After renouncing the compromises which were sought, albeit inconsistently, by Gorbachev, Yeltsin and the radicals supporting him deliberately dismissed the possibility of achieving any compromise or of eventually

including a pact with their adversaries, a pact which had an important stabilising function in most successful cases of democratic transition. In other cases such a pact helped formulate the rules of the democratic game, rules that were subsequently adhered to by the main political forces of the system. As there was no such pact in Russia, quite a big political segment of society was artificially excluded from the democratic process for a long time, until the 1993 elections which legalised the opposition.

It should also be noted that the lack of a formal pact in no way prevented the second and third echelons of the Soviet *nomenklatura* from successfully redistributing and becoming part of the new system of authority and property. Today, however, there is reason to believe that a *de facto* pact was concluded [illegible] at least some of its elements came into existence, but in a specific and distorted form.

One of the elements of this partial pact was the recognition by the [illegible] that formal elections were the only acceptable method of legitimisation of power. However, as distinct from the logic of classical transitions to democracy, this pact was not a phase which preceded the democratisation of an authoritarian regime. It was a stage of post communist transformation in which a new ruling class had already emerged and in which the different [illegible] groups had already sufficiently "adjusted" themselves to each other, had found a common language, determined their interests and zones of protection and agreed upon the "rules of the game" without taking [illegible] account and even at the expense of the overwhelming mass of the [illegible]. As a result the *de facto* pact only deepened the gap between [illegible] and society and kept society away from real politics.

[illegible] ABSENCE OF ANY FREE FOUNDING ELECTIONS

When relying on his charisma as a peoples' leader who enjoys the support of everyone and therefore does not need additional [illegible], Yeltsin also deliberately ignored the need for carrying out the [illegible] phase of the classical model of successful democratisation. He [illegible] to hold the first, free, "founding" elections, which could have laid [illegible] foundations for a legitimate democratic power and facilitated a smooth and gradual development of a multi-party system in the country. It should [illegible] noted that Yeltsin refused to hold these first free elections because radical

democrats would have had the best chance of obtaining a vast majority in the parliament and of initiating radical economic reforms supported by such a majority.

Only one factor can explain Yeltsin's refusal to hold free parliamentary elections in the autumn of 1991: his reluctance to share the laurels of victory with persons who only recently had become his close associates in the democratic movement. As a result, only part of the Russian democrats were co-opted into the new structures of authority, whereas a large section of the democratic movement was excluded, in a position of disappointed observer thus making them even more critical of the government.

Only one factor can explain Yeltsin's refusal to hold free parliamentary elections in the autumn of 1991: his reluctance to share the laurels of victory with persons who only recently had become his close associates in the democratic movement.

The lack of this most important initial insitutional phase in the process of Russia's democratic transition largely explains the results of the parliamentary election in December 1993, which shocked most observers in the country and outside. The important thing to note is that these parliamentary elections were only formally and chronologically the "first" and founding ones. If held up against the general logic of democratic transition, a logic confirmed in most cases by historical fact, the 1993 elections were more reminiscent of "second" elections, that is, of "elections of disappointment."

The brief initial shock phase of market economic reforms — a stage which for various reasons lasted for a short time only — was forced on the population by an executive power which was already associated in the mass consciousness with the radical democrats. It does not come as a surprise that the result of this very short and agonizing stage of shock therapy was the growth of mass discontent with the democratic authorities and their policies. This was the case in practically all similar phases of democratic transition. Reforms have inevitably caused a public reaction with the pendulum of mass sentiment swinging to the left. It also happened in Russia during the first (chronologically speaking) free parliamentary elections in December 1993, which according to the general logic of democratic transitions fulfilled the function of the second elections (the "elections of disappointment").

3 THE PRESERVATION OF THE OLD NOMENKLATURA

A specific feature of Russia's transformation is also the keeping of groups of the old ruling class in power. In cases of successful transition, a pact between parties competing with and confronting each other during the process of democratisation provides for the old ruling class guarantees of political and economic security. As a result of this, the old ruling class can take part in the democratic political process. In Russia, however, there was a lack of social agreement or a pact, but nonetheless the old *nomenklatura* retained its political and economic security and was included in the new political system as a legitimate participant of the democratic process. The *nomenklatura* was not only saved by the camouflaging administrative changes made by the new democratic authorities (for instance by the re-labeling of official positions, while filling these positions with the same officials as before, both in the centre and in the provinces), but also remained in power without any rhetorical explanation for this, as one of the central components of the new authority.

It is partly for this reason that the uncompleted democratic transition in Russia became not so much a radical break with the past Soviet system as a particular metamorphosis of it. As a result of this, the nucleus of the old *nomenklatura*, which included the old party apparatus and economic pragmatists, and new career professionals from democratic ranks, was preserved as part of the renewed ruling class under slogans of democracy and anti-communism (Shevtsova, 1995). This renewed ruling class held on to power and acquired property. It became the winner of the large-scale processes of redistribution of state property and of the transfer of this property to private ownership. All this took place between clans and cartels which were and still are part of the ruling class, behind a smoke-screen of so-called public privatisation. As a result, corporate interest groups created a base for the oligarchic political system which is presently being established in Russia. At the same time, the interests of the masses are still poorly articulated and the lower layers of society do not have adequate political representation.

The present oligarchy in Russia is of a special kind. Strictly speaking, the oligarchy is a method (among others) for managing the big organisations — a method based on power as an expertise. The interests of property and one's own material benefit, rather than of the organisation of power as such, is the main element in the present plutocratic regime of Russia — a regime

under which not only does wealth engender power, but where power gives wealth to those who are party to it. The present situation is actually shaped by a variety of elitist rule that uses the formal institutions of democracy for non-democratic purposes. This situation is the result of a superficial democratisation that provides no mechanisms of democratic control over the actions of the authorities.

Elitist rule uses the formal institutions of democracy for non-democratic purposes. This situation is the result of a superficial democratisation that provides no mechanisms of democratic control over the actions of the authorities.

It should be noted the unequivocal categories are hardly applicable to the present political regime in Russia. In its essence it is a hybrid and mixed regime — a regime which drastically limits the possibilities for effective mass participation in politics, while allowing at the same time competition for power at the elite level. But in Russia even this is not the case since at the elite level the rules of the game are not those of open political competition, but consist of clan and corporate laws structuring an "under-the carpet" struggle for power, although the present hybrid regime in Russia inherited much of the old Soviet political genotype and it resembles to an ever greater extent closed corporate structures of the Latin American type.

4 THE TRADITIONAL METHOD OF CARRYING OUT REFORMS

The almost full subordination of social groups, classes and strata to the paternalistic vertical arrangement of state power was always characteristic of the history of pre-Soviet Russia and the USSR. It was not society which was creating the state, but power itself that was shaping society. Through administrative methods social relations and social groups were emerging, not on the basis of articulation of manifest socio-economic interests, but as a bureaucratic creation (like, for instance, the nobility under Peter the Great). In post-Soviet Russia the embryonic democracy and its representative institutions began to emerge in a flat social landscape in which there were few signs of a differentiated social structure, of diverse socio-economic interests, and of organisations to express them.

Moreover, the new authorities in Russia followed the Russian tradition of carrying out reforms and transformations in an arbitrary way, vertically from top down. In most successful democratic transitions the reform initiative comes from above. However, an important and fundamental difference between Russia and these cases is that in the latter a reform impulse from above acts only as the primary catalyst of profound processes, which emerge and develop in society as a whole. After society's involvement in the process, the functions of the authorities are usually reduced to providing institutional support for these processes in accordance with generally accepted democratic procedures.

Things are different in Russia. Here the new authorities' approach to reform was consistent with traditional administrative methods (mainly due to the new power holders' ties with the old *nomenklatura*) throughout the whole post-communist period. This in turn could create nothing but a split between the authorities and society, a split which is pernicious for democracy and leads to a growing alienation of society from the authorities. According to sociological data, there is a growth of political disappointment and [illegible], a discreditation of political leaders and a moving away of the [illegible] public opinion from public interests into private ones. Certainly, [illegible] factors can also be observed in the fact of the "privatisation", for [illegible] of one's personal sphere is about to replace a sense of traditional [illegible], according to which an individual is only in part subordinate to the [illegible] of the state. However, private interest is perceived in the mass consciousness not merely as independent of the state and the authorities, but [illegible] something that is in direct contradiction with them. This does not [illegible] provide favourable conditions for the development of the forms [illegible] participation needed for a normal functioning of democratic [illegible].

[illegible] CONTINUOUS INFLUENCE OF AUTHORITARIAN FORCES

Against the background of a disappointment with democracy and democrats in Russia, authoritarian tendencies are manifesting themselves clearly. [illegible] authoritarian inclinations of President Yeltsin are not only visible in the [illegible] and voluntarist style of his rule, but equally find their expression [illegible] the Constitution. The threat of authoritarianism in Russia, exemplified in

recent times by the growing influence of nationalist forces, also needs to be taken seriously. On the one hand, this is due to the fact that the group of intellectuals who provides services to the authorities, is strongly promoting an idea according to which only the strong hand of enlightened authoritarianism is capable of carrying out painful economic reforms, which eventually lay the ground needed for a subsequent building of democracy. On the other hand there is in the attitudes of the Russian people undoubtedly a growing tendency to support a strong authority capable of creating order in the country. On the basis of these sociological data one often comes to the conclusion that there is growing public support for a reversal of the reforms and a change to authoritarian nationalism.

Although several arguments could be used to justify a return to a communist paradise, can Russia enter the new millennium as an authoritarian dictatorship?

But to what extent is the practical implementation of authoritarianism probable in today's Russia? Although several arguments could be used to justify a return to a communist paradise, the need to restore lost law and order, the attempt to mobilise national forces for the sake of carrying out modernisation, can Russia enter the new millennium as an authoritarian dictatorship? One can hardly deny the possibility of the present Russian authorities becoming more autocratic, or being influenced by a new autocrat brought to power by the sad realities of the present socio-economic situation.

Nevertheless, the arguments against labeling the present political regime as authoritarian are also well known. These are, to mention but a few: the authorities' weak vertical influence upon society from the top down, the fragile equilibrium of different elites and interest groups, none of which can alone or in a coalition with others, monopolise power completely, the malfunctioning or even the absence of previous mechanisms of repressive control, and the growing decentralisation and regionalisation throughout the country. These arguments also contribute to a perspective which holds an authoritarian backlash in Russia to be possible from a theoretical point of view, but rather improbable from a practical point of view.

It seems rather dubious whether authoritarianism might be an efficient mechanism for carrying out market economic reforms in Russia; in the present political situation there are practically no forces that hold

authoritarianism to be a means of modernisation of society through the implementation of a market economy. Quite the contrary, almost all the political forces which are susceptible to authoritarian temptations see authoritarianism as something different, namely as a possibility of returning to state control of the economy and of restoring the position of Russia as a world superpower. As for public opinion polls, they are really indicating not a desire to return to the authoritarian past, but a desire to see democratic rights and freedoms guaranteed by a strong power against arbitrary bureaucratic and even criminal rule.

There are reasons to believe that the emerging pluralism among groups and corporates compounded with the rise of regional interests will serve as an obstacle to the possible resurgence of authoritarianism. At present, there is no political or administrative institution which could implement and secure the horizontal and vertical aspects of a purely authoritarian model in Russia. Moreover, the regional elites, which have already tasted the fruits of the weakening of the vertical axis of power, will hardly respond positively to authoritarian attempts at reconstructing this axis.

CONCLUDING REMARKS

Some of the particular elements of the post-communist transformation in Russia examined above should enable us to emphasise its specificity and at the same time to draw some parallels between it and other democratic transitions that are considered components of the present democratic wave. By making a comparative analysis one is able to single out what is general and what is particular in different processes of democratisation; this might hopefully contribute to the elaboration of a general and integral theory of post-communism. But it appears that the time for it has not yet come. One of the reasons for this is that post-communism itself has not yet been fully developed and established; its development still continues and it has not yet acquired complete and crystallised features.

The pattern of transformation of the Soviet system during the period of *perestroika* at least partly resembled the typical model of democratisation of the "third wave". However, the democratic transition in post-communist Russia has been interrupted. At the moment the trajectory of Russian transformation is heading toward a hybrid regime of the oligarchic type. Russia's future therefore remains profoundly uncertain. ■

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THE ECONOMIC DIMENSION OF INDIA'S FOREIGN POLICY

India's record of coping with the challenge of economic diplomacy is patchy, and there is still no internal political consensus on how this should be done The institutional mechanisms required to operationalise economic diplomacy are yet to be put in place.

SANJAYA BARU

The last decade has witnessed a vibrant and wide-ranging debate on India's economic policy regime There have been fundamental changes in the direction and priorities of its economic policy An important aspect of this transformation is the change in India's external economic relations. A change that has dramatically altered India's trade and investment regimes as it moves from an inward-oriented economy to a moderately outward-oriented one These systematic changes in economic policy have occurred at a time when global economic and political relations have also altered in fundamental ways. the end of the Cold War, the collapse of the so-called "centrally planned economies", the emergence of East and South East Asia, including China, as the new engine of growth in the world economy, the globalisation of economic activity, the regional integration of major industrial economies as well as of newly industrialising countries, the emergence of new communications and information technologies, and so on. All of these new factors have altered the external environment in which the Indian economy, like any other, operates.

Economic policy-makers in government have been alive to these changes and have tried, with varying degrees of success, to explicitly reorient domestic economic policies in order to meet the emerging challenges. While several

policy documents have now defined the government's economic policy agenda fairly clearly, there has rarely been any explicit articulation of the implications of these changes for India's foreign policy, even if there is now growing awareness of the positive fallout of economic liberalisation on foreign relations. Admittedly, foreign policy-makers have come to recognise the fact that the heart of diplomacy in the nineties is economics.

In the inaugural volume of this journal (*World Affairs*, January-March 1997) former Indian finance minister, Manmohan Singh, alluded to the favourable foreign policy implications of his economic policies. An example of how this link can work positively for India is provided by the pro-India vote in the US Congress in early September 1997, on the amendment proposed to the US foreign aid bill seeking to reduce foreign aid to India by 25 per cent, as a punishment for its alleged human rights violations. The amendment proposed by Congressman Das Burton was defeated by a margin of 19 votes in 1995, 169 votes in 1996 and 260 votes in 1997. Several commentators have made the point that effective lobbying by US companies investing in India has helped to increase support for India in the US Congress.

ECONOMIC FOUNDATIONS OF FOREIGN POLICY

The link between foreign policy and economic policy was clearly recognised by Jawaharlal Nehru, the architect of India's post-independence foreign policy and external economic relations. He told the Constituent Assembly in December 1947: "Talking about foreign policies, the House must remember that these are not just empty struggles on a chessboard. Behind them lie all manner of things. Ultimately, foreign policy is the outcome of economic policy, and until India has properly evolved her economic policy, her foreign policy will be rather vague, rather inchoate, and will be groping. It is well for us to say that we stand for peace and freedom and yet that does not convey much to anybody, except a pious hope... (and) every country is prepared to say the same thing, whether it means it or not. What then do we stand for? Well, you have to develop this argument in the economic field ...To come to grips with foreign policy in economic, political and various other aspects, to try to understand it, is what ultimately matters. Whatever policy we may lay down, the art of conducting

the foreign affairs of a country lies in finding out what is most advantageous to the country... I regret that we have not produced any constructive economic scheme or economic policy so far.. When we do so, that will govern our foreign policy more than all the speeches in this house." (Dewan C Vohra, *Economic Relevance of Non-alignment*, Delhi, ABC Publishing House 1983)

Ultimately, foreign policy is the outcome of economic policy, and until India has properly evolved her economic policy, her foreign policy will be rather vague, rather inchoate, and will be groping.

While the foreign policy of a country may from time to time be influenced by specific non-economic, purely strategic or political priorities, Nehru's emphasis on the ramifications of economic policy on the long-term foreign policy framework of a country can be well appreciated in the context of the then existing post-colonial, bi-polar world. Clearly, however, Nehru's worldview is even more valid in the contemporary post-Cold War world of pragmatism and business-orientation in foreign policy. What is advantageous to a country can no longer be defined purely or even primarily in political or strategic terms, but must be fundamentally defined in economic terms.

One of the lessons of the Cold War era is that, sooner or later, the success of a country's foreign policy is circumscribed by the efficacy of its economic policy. Successful economies have greater degrees of freedom in shaping an independent foreign policy than failed or weak economies. More importantly, economic policy can itself be an instrument of foreign policy if it enables a country to win friends and influence people.

Admittedly, in the era of decolonisation and at the height of the East-West confrontation, some countries in the South, especially India, could afford to pursue a foreign policy that had a higher profile than was warranted by the strength of the economy. In the post-Cold War period, pragmatic rather than ideological considerations, have come to the fore in relations between nations. This was evident even in the 1970s after the oil shock of 1973 when strategic policy analysts recognised the importance of geo-economics over geo-politics. Control over high technology is clearly even more critical to political power today than the control over economic and

natural resources. Since such control is increasingly exercised by non-sovereign, extra-national corporate entities, the ability of nation states to deal with such multinational corporations is central to the success of a country's foreign policy. Equally, with the spread of regional economic groups and regional integration of economies, India's external economic relations with her neighbours are critical to the success of her wider foreign policy goals.

NON ALIGNMENT AND MIXED ECONOMY

In India there is a misplaced popular belief, both, among politicians and academic analysts, that Indian foreign policy in the immediate post-Independence period was shaped more by a commitment to "universal principles" than national "self interest". Notwithstanding Nehru's recognition of the link between economic policy and foreign policy, as quoted above, a popular view has persisted that the policy of non alignment, the principles of *Panch Shila*, the anti colonial and anti racist stance and the commitment to peace and disarmament were all pillars of Indian foreign policy because they were universal principles worth defending in their own right.

A more critical and realistic view of foreign policy in the fifties suggests that national interest was very much the defining feature of foreign policy even in the 1950s. Indeed, whatever may have been the initial "universalist" motivation for non alignment, a major plank of Indian foreign policy at the time evolved as the foreign policy counterpart of a domestic "mixed economy" model which was undoubtedly a pragmatic response to India's current development needs. The strategy of a "mixed economy" was espoused even by Indian businessmen who demanded public investment to come in. This was articulated in the famous "Bombay Plan" written by six eminent Bombay based businessmen, including J R D Tata, G D Birla and Purshottamdas Thakurdas.

This instrumentalist view of "non alignment", as a manifestation of the requirements of a particular domestic economic policy at the time was aptly summed up by the Polish economist Michel Kalecki. He suggested that the foreign policy of non-alignment of the intermediate regimes was in a sense a counterpart to their internal set up. He argued that "On the international scene, the internal

position of the ruling lower-middle class finds its counterpart in the policy of neutrality between the two blocs; an alliance with any of the blocs would strengthen the corresponding antagonist at home. The intermediate regimes are the proverbial clever calves that suck two cows; each bloc gives them financial aid competing with the other. Thus has been made possible the "miracle" of getting out of the USA some credits with no strings attached as to internal economic policy." (J. Osiatynski (edited), *Collected Works of Michel Kalecki*, Oxford. Clarendon Press, 1993)

Kalecki characterised the newly independent countries of the post War period like India, Egypt, Indonesia and so on, as "intermediate regimes," that were placed between the imperialist and the socialist blocs.

Kalecki characterised the newly independent countries of the post War period like India, Egypt, Indonesia and so on, as "intermediate regimes," that were placed between the imperialist and the socialist blocs but which were at the same time ranged equally against the domestic working class, the feudal class, and the imperialists. It may be argued that the end of the Cold War created the kind of situation that Kalecki prognosticates, with "imperialism" seen to be reasserting itself. However, it is important to note that a bi-polar Cold War world is being replaced by a multi-polar balance of power rather than a hegemonistic, unipolar world. Moreover, the dynamic of capitalist development in India is more integrally linked with internal economic processes, the development of capitalism in agriculture, the emergence of indigenous business enterprise and so on, and is not influenced by external factors to the extent that smaller developing outward-oriented economies are.

The "instrumentalist" or "strategic" view of non-alignment is different from the alternative view that sees non-alignment as a "universal" principal of developing economies in a post-colonial world. It will be no exaggeration to suggest that in the 1950s non-alignment was indeed a strategy, a way of "sucking two cows", but that in the 1970s and 1980s, especially after the Algiers conference of the Non-Aligned Movement (NAM) in 1972, non-alignment became a "movement" of the developing countries against the

developed, and the distinction between non-alignment as "national" strategy and non-alignment as an "international movement" was not adequately appreciated by policy makers.

It was because Nehru viewed non-alignment as a national strategy, rather than as an ideological campaign against imperialism, or against India participating in the international division of labour, that he was able to combine his commitment to it with an equally zealous commitment to keeping India open to foreign investment. Diluting his party's anti-imperialist rhetoric Nehru set out in 1949 to win US support for India's development effort. In April 1949, Nehru set the tone with his famous statement on foreign capital, in direct response to a US demand for "national treatment" of foreign firms (a phrase that is central to the recently launched OECD initiative for a Multilateral Agreement on Investment.) Nehru stated:

'As regards the existing foreign interests, the Government does not intend to place any restrictions or impose any conditions which are not applicable to similar Indian enterprise. The Government would also so frame its policy as to enable further foreign capital to be invested in India on terms and conditions that are mutually advantageous.

Foreign interests would be permitted to earn profits subject only to regulations common to all. We do not foresee any difficulty in continuing existing facilities for the remittance of profits, and the Government has no intention to place any restriction on the withdrawal of foreign capital investment, but the remittance facilities would naturally depend on foreign exchange considerations. If, however, any foreign concerns come to be compulsorily acquired, compensation will be paid on a fair and equitable basis.' (D C Vohra, *Economic Relevance of Non-Alignment*, ABC Publishing House, Delhi, 1983)

Nehru conceded yet another demand of US business, put forth by the India America Conference of leading businessmen, when he reversed the policy of not permitting majority share holding by foreign partners in joint ventures. The ministry of industry announced in August 1949, that, 'With the exception of about half a dozen key industries India will not object to majority control by Indians, Britons or Americans. There is almost a free zone outside the "key industries reserve". The participation of foreigners even in the "reserve" field may be considered.'

Finally, in September 1949, on the eve of Nehru's visit to the US the Government of India issued a statement which said: 'The policy of the Government of India was to allow foreign capital to come in to operate freely in the industrial field ... every attempt must be made to secure the maximum possible influx of foreign capital in the shortest possible time. The Government of India categorically declared that permission to retain a majority of non-Indian interest in the ownership and effective control in some cases could not *ipso facto* be considered as detrimental to the interests of the country.' ("Change and Choice in Indian Industrial Policy", Sanjaya Baru, *Industry and Agriculture in India Since Independence*, ed. TV Sathyamurthy, OUP, 1995).

After providing all these assurances and urging greater US investment in India, Nehru travelled to the US in October 1949 in search of food and more investment. A famine in large parts of the country forced the government to import foodgrains, especially wheat, and Nehru hoped the US would oblige. But the US did not. Neither was food aid forthcoming nor more US investment. US outward investment in this period was all headed towards western Europe. The reconstruction of post War Europe and the need to build new alliances in East Asia kept US investment away from countries like India, which tried their best to attract it. India was neither a strategic partner, like Pakistan, nor was it an attractive enough place like western Europe for US investors.

In 1949 US President Harry Truman asked the National Industrial Conference Board to poll US companies with investments abroad on their views about India as a destination for US investment. Of the 25 companies which replied, 17 had problems with India's export and import quotas. Other common problems were: control of capital movements, lack of adequate transportation or storage facilities, limitations on remittance of profits, lack of trained native personnel, inability to recruit personnel in the United States; and inadequacy of facilities for employees. From October 1949 to June 1950 the US administration and the Congress discussed in detail the Indian request for a wheat loan. Both mentioned several conditions that would have to be met by India if US wheat had to be exported. India then approached China and the Soviet Union and both agreed to provide the grains sought. It was only when China and the USSR stepped in that the US government agreed to sell wheat to India. It is this experience that must

have convinced Nehru that "non-alignment" was a useful development strategy.

This approach was adopted on several occasions. In 1961-62, G D Birla travelled to the US canvassing support for US aid for the Bokaro steel plant. He told members of the US Congress that such assistance to a public sector steel plant at Bokaro would encourage private enterprise. A view shared even by the World Bank. The US refusal to support Bokaro, notwithstanding the fact that Germany and Britain helped in setting up the Durgapur and Rourkela plants, forced India to seek Soviet help. This has been the most important economic aspect of non-alignment. Each time India was pushed by one side, mostly the US, it would approach the other and in the process strike a bargain with both.

Through the fifties and the sixties, in the negotiations involving the setting up of major public sector plants, especially steel plants, the Indian government tried to get the best deal it could by bargaining with the East and the West.

Through the fifties and the sixties, in the negotiations involving the setting up of major public sector plants, especially the steel plants, the Indian government tried to get the best deal it could by bargaining with the East and the West. The last time India successfully adopted this approach was in 1981 when the government approached the International Monetary Fund (IMF) for support under its extended fund facility (EFF). The US government initially blocked the Indian request. But when India suggested that this would force it to approach the USSR for financial support and also entail increasing defence purchases from there, the US administration directed its executive director to abstain from the vote on India's request for a loan.

What is important to note here is that the policy of "non-alignment" did not come in the way of Nehru pursuing a conciliatory policy towards foreign capital, in particular towards US business, in the period, 1947-50. However, when India's gestures were regarded inadequate by the US administration and US was unwilling to assist India in a major way, it had no option but to pursue a more inward-looking economic policy and a

"non-aligned" foreign policy. It is perhaps this experience, more than any ideology, that affirmed Nehru's and the Indian political establishment's commitment to a mixed economy and to non alignment. The policy of a mixed economy in fact became a corollary to the policy of non-alignment and vice-versa. With a change in the economic policy regime in the 1990s, it is pertinent to ask what implications this has for foreign policy.

Moreover, over the last decade NAM has demonstrated its inability to project any common position on global and multilateral economic or security issues. Indeed, the proclivity of the so-called "non-aligned" to become aligned even during the Cold War period, to one power bloc or another is well documented. In the post-Cold War period also this capitulationist tendency manifested itself in the manner in which the entire non-aligned movement refused to endorse India's stance on the Comprehensive Test Ban Treaty (CTBT). In approaching CTBT, India interpreted non-alignment to mean the right to take an independent view and to resist what some have termed "nuclear apartheid". However, the Non-aligned Movement did not accept this view. Admittedly, many developing countries felt they were taking a genuinely principled position on CTBT ratification, some others saw no reason to fight the nuclear "haves" on behalf of the nuclear "want-to-haves" or "will-haves". Whatever the motivation, the CTBT experience exposed the hollowness of NAM solidarity on the political front.

On the economic front, the manner in which the Uruguay Round agreement was wrapped up showed that NAM's economic radicalism discovered at the Algiers meeting, has also been given a quiet burial. The end of the Cold War along with the processes of globalisation and regional economic integration have marginalised the NAM platform. It is time to re-examine the economic and political relevance of non-alignment both in the light of India's present level of development and her external economic and strategic relations, and in the context of the relationship between nations in the post-Cold War era.

ECONOMIC POLICY IN THE POST-COLD WAR WORLD

The emerging structure of power in the post-Cold War world has been described by many analysts as being "multipolar". US strategic policy

realist, Henry Kissinger, being the most prominent exponent of this view, has suggested that:

The international system of the twenty-first century will be marked by a seeming contradiction: on the one hand, fragmentation; on the other, growing globalisation. On the level of the relations among states, the new order will be more like the European state system of the 18th and 19th centuries than the rigid patterns of the Cold War. It will contain at least six major powers — the United States, Europe, China, Japan, Russia, and probably India — as well as a multiplicity of medium-sized and smaller countries. At the same time, international relations have become truly global for the first time. Communications are instantaneous; the world economy operates on all continents simultaneously. A whole set of issues has surfaced that can only be dealt with on a worldwide basis, such as nuclear proliferation, the environment, the population explosion, and economic interdependence". (*Diplomacy*, New York: Simon and Schuster, 1994)

International relations have become truly global for the first time. Communications are instantaneous; the world economy operates on all continents simultaneously. A whole set of issues has surfaced that can only be dealt with on a worldwide basis.

While it is premature to regard India as a major power today, it is necessary to recognise that it is capable of becoming one within the first half of the next century. Indian policy makers, especially politicians, have not yet adequately appreciated the wider policy implications of such a status for [illegible]. The Chinese leadership seems to have a better appreciation both of the opportunities and the responsibilities that a "major power" status brings to it. For instance, no Indian prime minister or foreign minister has so far been able to conceptualise the post-Cold War world in quite the way that China's former foreign minister Wu Xueqian did in an essay on the post-Cold War era, published in this journal. Developing Kissinger's perspective of a "multipolar" world, Wu Xueqian concedes that the United States will continue to be the strongest economic and military power, but adds that other major powers will be Japan and the European Union, Russia and "a number of developing countries including China and India". He goes on to

say: 'The multipolar evolution — even though in a transitional stage — has become so irreversible that even the existing superpower has to take into account the possible reaction of other countries when taking important decisions on foreign affairs ..The emergence of the developing countries is also a major event in contemporary international relations.' (*World Affairs*, January-March 1997)

What are the implications of such a worldview for India and her foreign and economic policy? Clearly, the non-aligned nations no longer have the bargaining power that the Cold War had given them. The smaller, less developed, non-aligned countries with more outward-oriented economies discovered this fairly quickly. The Uruguay Round of GATT talks shows that the postures adopted in the 1986-89 period were quickly abandoned after 1990 with most developing economies choosing to fall in line with developed industrial economies, especially the US, by the time the Marrakesh agreement was signed in December 1994. Despite the more reassuring assessment of the global power balance by Kissinger, most Third World leaders believed that the bipolar world had been replaced by a unipolar world. The quick and resolute conclusion of the Uruguay Round after the Dunkel Draft was circulated in 1992 reflected this assessment.

With the passage of time it is now clear that the Kissinger view has greater credibility and the world is indeed likely to see the emergence of competing centres of power. The next decade or two will witness considerable competition circumscribed by structured cooperation between "major" and "minor" powers. The "multipolar" power structure is going to influence the manner in which the forces of competition and the mechanisms of cooperation are going to operate. Whether it is the functioning of the WTO (World Trade Organisation) or the outcome of discussions on MAI (Multilateral Agreement on Investment), whether it is transfer of technology or the movement of people, nothing is going to be shaped by the power structure of the Cold War era, in which superpower rivalry and ideological conflict defined the outcome of any given competition or attempt at cooperation. Nor will the United States always be able to unilaterally dictate the terms of resolution, and will be required to look to other major powers for support on an increasing number of global issues. In the coming years multilateral negotiations can have wholly unpredictable outcomes since the forces of competition and cooperation will remain in a state of flux, until

[illegible]he six major powers are able to define a new equilibrium. China's [illegible]ncreasingly high profile presence in multilateral forums can only add to the flux. India cannot still take its position within the multipolar [illegible]ructure defined by Kissinger for granted, and will have to work hard [illegible]t it — both on the foreign and strategic policy front, as well as on [illegible] domestic and external economic policy front. This is by no means [illegible] easy task.

[illegible]HE IMPERATIVES OF ECONOMIC DIPLOMACY

What does this mean in operational terms for Indian diplomacy? First and foremost, Indian politicians and policy makers must realise that [illegible]ith the status of a major power [illegible] come obligations, to the world in [illegible]eneral and to smaller nations in particular. It is easier to pursue big power [illegible] in foreign policy, be it in NPT (Non Proliferation Treaty) and CTBT [illegible]otiations or in the campaign for a Security Council membership, but [illegible] difficult to pursue the domestic economic policy that is necessitated [illegible] such a status.

India must be a major trading nation in the world, its share of world [illegible] and investment flows must increase. Its trade and investment regime [illegible] encourage freer flow of goods, services and capital, and become more [illegible] to the smaller economies in her own neighbourhood. In order to [illegible] this without suffering the pain of destruction of the sub-optimal [illegible]ctures built during the decades of protected inward-looking development, [illegible] must quickly invest in improving the economic and social infrastructure [illegible] the skills of its people. Investment in health and education — basic, [illegible]nical, professional and higher — is an imperative as is new investment [illegible] power, irrigation, communications and transportation, both in the public [illegible] private sectors.

The public sector, especially in defence related industries, must be [illegible] as an instrument of advanced research and development of new [illegible]nologies. All the other major powers, especially USA, Russia and China, [illegible]st heavily in defence-related industries and seek to exploit technological [illegible]malities. Indian industry has rarely viewed public investment in defence, [illegible] and nuclear programmes in these terms. Public procurement and [illegible]jor business deals must be linked with explicit foreign policy objectives,

as China has done systematically. Compare the manner in which the Chinese have used foreign investment as a means of leveraging foreign policy, best exemplified by the use of the Boeing deal to ensure continuation of MFN status by the US, and the inability of the Indian political system to view foreign investment policy within a wider foreign and strategic policy perspective.

India must improve its bargaining skills in global forums and give a sharper edge to economic diplomacy, both in its relations with the developed, industrial economies of the "North", as well as in its relations with the countries of the "South".

Equally, India must improve its bargaining skills in global forums and give a sharper edge to economic diplomacy, both in its relations with the developed industrial economies of the "North" as well as in its relations with the countries of the "South", particularly her neighbours. The focus of policy formulation as well as public debate in the area of foreign policy has for long remained obsessed with political and security issues, so much so that economic diplomacy has till recently not acquired the primacy it should.

Even the policy and the public debate on India's relations with its neighbours has not fully integrated political and economic diplomacy on this front. India's shabby response to the Sri Lankan proposal for a bilateral free trade agreement, reflecting the power of domestic lobbies, and the slow pace of development of the idea of a South Asian Free Trade Agreement (SAFTA), where India can even now easily make unilateral trade concessions provided the government is willing to face up to domestic lobbies, is a telling example.

While the Indian government, especially the ministry of external affairs, has been alive to the beneficial potential of such initiatives, there has been knee-jerk resistance from domestic lobbies and local politicians in some parts of India to proposals like, for example, the BBNI (Bangladesh, Bhutan, Nepal, India) trade grouping, where local vested interests in Bengal have been lobbying against freer trade with Nepal and Bangladesh. Despite official Indian enthusiasm for ideas like BIST-EC (Bangladesh, India, Sri Lanka and Thailand Economic Cooperation) and IOR-ARC (Indian Ocean Rim Agreement for Regional Cooperation), domestic business response has so far

[illegible] lukewarm. The lack of genuine enthusiasm within the Indian business community for a more liberal trade and investment regime underscores the limits of effective foreign economic diplomacy. Since the MEA and the [illegible] ministry seem to have a better appreciation of its potential they must communicate their policies more effectively to political leaders, businessmen and academia.

Unless India is willing to pursue a "liberal" outward-oriented, foreign economic policy, which enables it to improve bilateral relations with other major powers and other developed and developing countries, it will find it difficult to pursue a nationalist defence and security policy. Moreover, it should also be understood by those who advocate a more inward-oriented trade and investment policy that an India which is insular with respect to the developed industrial economies cannot be open and expansive towards the economies of the South Asian region. Acquiring economic and political leadership within the South Asian or even the Indian Ocean region carries with it the obligation of being more open to global investment and trade flows. Indeed a more liberal trade and investment regime with respect to [illegible] neighbours through a South Asian Free Trade Agreement (SAFTA) could be the first step in reaching out to the world, first to other developing economies, especially in Asia, through closer links with ASEAN and [illegible]membership of APEC, and then to the developed industrial economies.

It should also be recognised by our policy makers that sustained high [illegible] growth is as much a politically and strategically necessary objective as it is an economically desirable one. Indeed a pro growth and liberal economic [illegible] a necessary element of a strategic policy commensurate with India's [illegible] an emerging power. Economic growth has improved the profile of [illegible] diplomacy just as the lack of growth and economic crisis has reduced [illegible]

[illegible] where, we have termed the strategy we advocate as "walking on [illegible] (*The Times of India*, December 25, 1995) — a nationalist security [illegible] and a liberal, outward oriented economic policy which would [illegible] the network of support for India on an entirely new basis, as opposed [illegible] platform India sought during the era of decolonisation and Cold War [illegible]rontation. In the post-Cold War world India can no longer take for granted the support of such large international groups as NAM, G 77, or [illegible] other forum, while advancing its foreign policy goals. Equally, there

should be no illusion that membership of a multiplicity of regiona fora, like SAARC, IOR-ARC, BIST-EC, ASEAN and so on, is a solutio in itself. These must all be various elements of a comprehensi arsenal, and we must undoubtedly remain active in each forum bu cease to view them as principal instruments of economic diploma

Nor should the Indian response be one of aligning with one or anoth power. Rather, the path we adopt must reflect the understanding that w are in a world of "competition" and "cooperation" and accordingly reori our economic diplomacy to meet this challenge. The key element will ha to be the ability to deal with major powers on a one on one basis.

ECONOMIC AND FOREIGN POLICY COORDINATION

We now come to the practical albeit administrative aspect of the problem. India is probably the only country among the so-call "major powers" that has no overall mechanism for coordinating econo and foreign policy.

In the 1950s, Nehru was undoubtedly the fountainhead of all stra policy thinking on both the economic and foreign policy fronts. How he never let the process remain informal. The Secretary General in foreign office presided over meetings which involved the foreign secre finance secretary and the commerce secretary. Till the early 1960s the S office functioned effectively as a policy making link between the two of the North and South Block, as well as Udyog Bhavan and the S Block. The last S-G, N R Pillai in fact, came to MEA from the comm ministry. Another commerce ministry official played a key role in econo diplomacy in the 1960s and 1970s was K B Lall. Other high pro "economic" diplomats have all been from key economic ministries with the singular exception of Muchkund Dubey who increased the pro of economic diplomacy in the early 1990s, an "economic diplomat" never become the foreign secretary. Till recently the passport to power the MEA was specialisation in political diplomacy, mainly relating to Indi neighbours, security issues and UN diplomacy. This is reportedly changi and economics has acquired precedence over politics in foreign policy.

The earlier relative neglect of economic diplomacy within the MEA did not matter so much during the period when the Prim

India China Relations:

Problems and Perspectives

After Rajiv Gandhi's visit to China in 1988 a process of normalisation began to unfold between the two countries. A number of high level visits were exchanged, and an array of agreements were concluded. But the differences that divide India and China are considerable, and remain unresolved

C V RANGANATHAN

CONSENSUS BUILDING ON SINO INDIAN RELATIONS

For those of us who have dealt with China in official capacitie transformation of a negative Indian domestic consensus on China in sixties to a more positive one in the mid seventies was a wel development The reasons for the negative consensus are not far to China's actions in Tibet leading to the Dalai Lama's refuge in Indi unfolding of public disputation and armed clashes over territorial quest domestic developments leading to a disruption of China's external relati during the last decade and a half of Mao Zedong's life the severity of t Sino-Soviet dispute and the erroneous Chinese view that India had join the Soviet camp China's material support to some militant elements eastern India compounded with opportunistic friendship with Pakistan the turmoils of the Cultural Revolution worsened an atmosphere vitiated the 1962 war

Things changed in the seventies In 1970, Mao signalled to the th Indian charge d'affaires, B C Mishra, the need for better relations betw

India and China In 1976, when Mrs Indira Gandhi was prime minister the decision was taken to end the abnormal state of diplomatic representation. K R Narayanan then Secretary in the Ministry of External Affairs (now President of India), was sent to Beijing in 1976 as the Indian ambassador. Though Mrs Gandhi had lost her prime ministership, a broad consensus appears to have emerged in 1977 under the Janata Party government of which A B Vajpayee was the foreign minister to continue in the same direction. The positive consensus in favour of seeking better relations with China has been a constant feature of foreign policy from that time.

At the time India's concerns were raised in a frank and forthright manner: the deterioration of the boundary situation, Chinese material and arms support to some dissidents in the North-East, China's position on Sikkim, its declared pro-Pakistan position on Kashmir, etc.

One can cite several examples of this. In February 1979 Mr Vajpayee visited China at the invitation of the Chinese foreign minister Huang Hua. It was the first high level bilateral exchange between the two countries since Zhou Enlai came to India in 1960. At the time India's concerns were raised in a frank and forthright manner, the deterioration of the boundary situation, Chinese material and arms support to some dissidents in the North East, China's position on Sikkim, its declared pro-Pakistan position on Kashmir, etc. It was also during Vajpayee's visit that the wish was put forward for Indian pilgrims to visit Kailash and Mansarovar. He also held talks with the late Deng Xiaoping and the then premier, Hua Guofeng. In the conversations the need for, and mutual interest in preserving peace and tranquillity along the boundary was stressed. Conditions for this were appropriate as there was no loss of life through enemy fire along the boundary for nearly a decade. The Chinese foreign minister declared that support and assistance to some disaffected elements in India's north-east was a matter of the past. No evidence has yet come to light of the continuation of material support to these elements since that date. Regarding pilgrimages, the response was that steps would be taken to facilitate these, and the resumption of the ancient pilgrimage route to Kailash followed within a few years of the visit.

The breaking of the Sino-Indian impasse during the Vajpayee visit w unfortunately overtaken by dramatic developments surrounding the Chin Vietnam conflict and its negative fallout on Indian public opinion Howev fairly soon thereafter, when Mrs Gandhi came back to office, Chin Foreign Minister Huang Hua paid a return visit to India in 1981 This to the establishment of an annual dialogue at the level of vice minist Annual meetings were thus held from 1981 onwards Although these meeti did not achieve breakthroughs on the boundary question, they did serv purpose of building up mutual political confidence in the maintenan peace and tranquillity along the boundary More substantively the mini dialogue gave momentum to exchanges at government sponsored level students, cultural troupes, scientists, distinguished academicians sportspersons The signing of a Trade Agreement marked resuscitation Sino-Indian commerce which was disrupted for nearly two decad important achievement of these annual dialogue w the opportunity prov to exchange views on regional and international questions While similar in positions with respect to the evolving issues of the day were noted differences of approach vis-a-vis certain issues such as Vietnam's occup of Cambodia, and ex-Soviet Union's presence in Afghanistan were disc in a manner to show that India's policies were not directed against C or that each country's problems with third countries need not aff prospects of improvements in Sino-Indian relations It was unfortunate for a period of some seven years since Huang Hua's visit to India in no Indian foreign minister visited China although the vice ministerial dialogue, initiated in 1981, continued over this period

RAJIV GANDHI VISIT TO CHINA — A MAJOR LANDMARK

Rajiv Gandhi's 1988 visit to China is a major landmark in Sino-Ind relations It marked the emergence of a strong perception among Chinese that a turning point had indeed been reached in the new on-go process of normalisation between the two countries Chinese scholars oft remarked that the interlude of disrupted relations ended after Rajiv Gandhi visit. It was also not uncommon to hear more euphoric remarks about both peoples striving for friendship which would surpass the friendship of the bhai-bhai period.

Viewed from the Indian perspective, it may look different. It may look as if the new international environment had contributed to the benign atmosphere in Sino-Indian relations. However, it would be counter-productive [illegible] India's interest not to acknowledge the several specific achievements of Rajiv Gandhi's 1988 visit.

- Though symbolic, the visit was nonetheless a very tangible signal, and so necessary in the Chinese context. The Chinese became convinced of India's wish to mitigate, if not solve, old pending problems, while imparting momentum to an all round development of relations between the two countries.
- A Joint Working Group (JWG) at the level of vice-ministers for negotiations on the boundary question and for strengthening the maintenance of peace and tranquillity along the boundary was formed. This latter aspect assumed importance in view of the emergence of a [illegible] dispute over the presence of each side's armed personnel near the McMahon line in the [illegible] region (Sumdorungu). The situation [illegible] wide publicity in the summer of 1987 recalling to those with [illegible] memories the [illegible] of 1962. However, the handling of the [illegible] by both the governments clearly reflected a measure of sobriety [illegible] in mutual [illegible] and the altered international scenario [illegible] and [illegible] the [illegible] of inter-governmental exchanges [illegible] to this situation, official spokesmen of both sides denied Western [illegible] reports of [illegible] clashes having taken place in 1987 in this area. [illegible] side consulted the other in the issue of denials but were quick [illegible] in [illegible] speculation. Through the meetings of the Joint Working [illegible] this particular episode has been appropriately dealt with in a [illegible] that has added to military confidence building along the Line of Actual Control (LAC). The institution of the JWG laid the ground work [illegible] avoidance of tensions along the LAC and for the drawing up of the confidence building measures which came in 1993 and 1996.
- [illegible] Agreements were signed on cooperation in the field of science and technology, civil aviation, and cultural exchanges.
- Another Joint Working Group was set up to promote trade and investment relations. This group meets annually at the level of ministers.
- Discussions were held with Deng Xiaoping and other top state and party leaders including Zhu Rongji, who is now the prime minister of China.

A common refrain in these high-level talks from the Chinese side that both, India and China, needed a peaceful environment since t had the common responsibility of promoting the social and econo development of their vast populations, of safeguarding regional and gl peace, and of cooperating establishing a fair and rati world order for which the Five Principles, formul jointly by the leaders of the countries in the fifties, could provide the commonsense b Deng stated emphatically th India and China did not ach development talk of the century being an Asian Cen would not have any meani

Both, India and China, needed a peaceful environment since they had the common responsibility of promoting the social and economic development of their vast populations, of safeguarding regional and global peace and of cooperating in establishing a fair and rational world order.

Rajiv Gandhi's visit was followed by further exchanges at prime minis levels in 1991 and 1993. Former President of India, R Venkatara and former Vice President, K R Narayanan visited China as also for defence minister, Sharad Pawar. A reciprocal momentum has been kep by the Chinese that culminated in the visit of the President of China the General Secretary of the Chinese Communist Party, Jiang Zemi November 1996. A fact not recognised in the Indian media is that date, at least four of the top five-member Standing Committee of Chinese Communist Party have visited India in the nineties as have ot from the Politburo. Jiang's visit marked the diplomatic culmination to series of negotiations which were initiated in 1988, with an impact on eventual solution of the boundary question, as well as other aspects of relationship.

The Agreement on Confidence-Building Measures (CBMs) in the mili field along the LAC in the India-China border areas, signed during the between former external affairs minister, I K Gujral and Chinese vi premier and foreign minister, Qian Qichen, is indeed an important politi commitment by both sides. Earlier mutual assurances contained in the 19

nceptual agreement, (concluded during Prime Minister Narasimha Rao's visit to China,) not to use or to threaten the use of force against the other, has been expanded into a categorical avowal that neither side will use its military capability against the other side. The Agreement contains various provisions relating to the conduct of exercises, reduction of force in a manner which would be in conformity with the principle of mutual and equal security, of withdrawal of force to mutually agreed geographical zones, reduction of certain categories of armaments deployed along the LAC to mutually agreed ceilings, notification of overflight of combat aircrafts in areas near the LAC, meetings of local commanders, upgrading military-level communications and exchange of information. The Agreement also envisages an exchange of maps on each side's perception of the LAC and seeking the assistance of a sub group composed of each side's military and other experts by the JWG. The full implementation of the Agreement which waits detailed working out on the ground would go a long way to remove the lingering impact of the events of the 1962 Chinese attack.

Three other Agreements with the Indian Consulate General in Hong Kong on cooperation for combating illicit trafficking in narcotic drugs and other crimes and on maritime transport were also concluded during Jiang's visit. Since 1991 direct and regular contacts between the defence establishments of the two countries involving exchanges of visits by defence ministers, Army and Naval chiefs and groups of high ranked generals and personnel of defence and security related establishements have taken place. These reflect serious attempts by the governments to allay suspicions inherited from the past, to build up trust and confidence in each other's intentions, to create mutual understanding of the broader directions of military preparedness in each country and, at professional levels, to enable the exchange of experience and technical knowledge. Such direct communications at various professional levels of the armed forces are invaluable inputs to the process of bringing about stable political relations between the two countries.

A network of separate agreements or memoranda of understanding from the nineties for example, on the resumption of border trade involving China and India, on cooperation in the peaceful application of outer space science and technology, on cooperation in the field of agriculture, on avoidance of double taxation, on the opening and maintenance of Consulate Generals in Shanghai and Mumbai, etc, provide a sound basis for the further

growth of all-round relations. The fact that all these agreements have altern
between Congress and Opposition party-led Governments in India
impressed the Chinese, with the prevailing consensus in India embra
political parties from the widest spectrum. From the mid nineties the Chi
Communist Party has established working relations with the Bharatiya Ja
Party (BJP) and delegation visits have been exchanged

The setting-in of a large measure of maturity in Sino-Indian relations
been accompanied by impressive growth in trade relations. In 1996 th
was an appreciable increase of Indian exports to China leading to a favour
balance of trade for India. The gross figure in 1997 of two-way direct tr
between India and China is expected to touch approximately US $
billion. If one included re-exports of Indian goods through Hong Kong
China, the figure would be almost US $4 billion. It is a very good sign
it is recognised by both governments and trading communities that
figure does not reflect the potential inherent in Sino-Indian econo
relations. From India's viewpoint it is a good sign that export growth i
longer generated by iron ore and steel exports alone but has spread
several other products occupying nearly 50 per cent of the trade bas
Considering that in the early nineties trade between India and China
only a few hundred million dollars both ways, the increases over a five
period since economic reforms in India in 1991 give room for optim

INDIA AND CHINA IN SOUTH AND SOUTH EAST ASIA

The challenge in India-China relations is to graduate to a level wh
would be beneficial to the peoples of the two countries, to neighbou
areas and to the world at large. Unlike China's relations with the U
Japan, some European countries and South East Asian countries with wh
a strong network of interests has been forged, few networks exist in Si
Indian relations. To add momentum and substance to such a relation
some corrections would have to be made

In the diverse plural society that is India, how do we forge a unified
common approach that would have a useful impact on our national inte
vis-à-vis China? To begin with, we should appreciate the fact that the
of China in Asia has vastly altered with its opening-up since the ea
eighties. When domestic economic reforms gathered momentum its so

ultural and economic interlinkages with societies across its borders, in South and East Asia, were greatly facilitated. This fact should be acknowledged as one of the great political events of the last years of this century. In fact trans-border trade and economic relations ameliorating political relations have also come into existence, along the lengthy land boundaries of China with Russia and the Central Asian [illegible]. Constant attention to a few individual issues and the interplay of relations between the major powers — USA, Japan, Russia, [illegible] and the South East Asian [illegible] ignores the dynamics of the bigger picture in the Asian [illegible] region underpinned by [illegible] convergence of the interests of these powers in ensuring a [illegible] and peaceful environment. This convergence of interests has resulted in the freezing of the current geopolitical order in South East [illegible] Asia notwithstanding [illegible] on Korea, Taiwan, the Spratly [illegible] Senkaku islands or the Japan-Russian territorial dispute. The current [illegible] in the region, which includes a US military presence, seems to [illegible] well. The prevailing balance of power, though delicate, [illegible] flash points from igniting. This enables the US to maintain a [illegible] position in trade, investment and security matters. Japan is protected [illegible] military alliance with the USA which has removed the pressure for [illegible] unilateral options. The balance, it seems, also serves China [illegible] it decades of peace in which to achieve economic growth and [illegible]. Officially, the Chinese may frown at the US military presence [illegible] when the presence becomes visible during crises in the Taiwan [illegible] or when elaborations under the USA-Japan military guidelines are [illegible] over Japan's future role vis-a-vis Taiwan. However, they realise [illegible] alternatives involving Japan could be worse as China pursues its policies [illegible] economic and military modernisation.

In the diverse plural society that is India, how do we forge a unified and common approach that would have a useful impact on our national interests vis-à-vis China? To begin with, we should appreciate the fact that the role of China in Asia has vastly altered with its opening-up.

The realisation of the constraints and realities of the Asia and Pacific [illegible] reinforce the logic of maintaining the existing geo-political status quo

in the region. For all the public expressions of dissatisfaction with one or th other consequence of American actions towards the region, conscious step have been taken by the countries of the region to demonstrate how muc USA benefits from its variegated relations with Asian countries, as indee they themselves do from American markets and investments. Conversel performance by US companies in the growing East Asian marketplace wi make or break the next generation of US based multinational corporation in their upgradation of technologies and competitiveness. Thus econom relationships, which have steadily increased, become as vital as the secur links which the US feels it needs in the East to protect itself and its allie

In South Asia the realities are different and the links are weak. Indi "look East" policy needs to be developed, if India is to become a mor useful partner of the region. Crucial in this regard is a viable and effecti relationship with China. When India was invited to become a dialogu partner of the ASEAN as well as its ARF forum, the unspoken premise wa that a more open Indian economy with its vast market, has the potential influence decisions on trade, investment and technology flows, while a India which is not estranged from China has the potential to contribute t Asian political and military stability. The relevance of these conclusions not challenged by the recent turmoils in the securities and financial mark of South East Asian and East Asian countries. Jiang Zemin's assurances at th December 1997 Summit of ASEAN leaders with the heads of Japanes Chinese and South Korean leaders were interpreted by the countries wi territorial disputes with China, that China would not take advantage of t weakened ASEAN economies to pursue those disputes.

In this connection it is important to note the views of Cheng Ruishen former Chinese Ambassador to India (1991-94) and presently deputy directo general of the China Centre for International Studies, a leading think tank attached to the State Council. 'As the biggest neighbour of South Asia countries', he wrote, 'China's policy is very important to peace and stabilit of South Asia. It is noted that with the readjustment of its foreign polic China is playing a very positive and stabilising role in South Asia. China's relations with India are not only essential for the two countries, but als important for the security of South Asia. China considers its relations with

India very important for realising a favourable and peaceful environment for China's economic development." Elsewhere in the same article (published by the Henary L Stimson Centre, Washington, 1995) the author notes that the South Asian region with three of whom China shares common borders (four if one included PoK), is vital for China's security.

> **In South Asia the realities are different and the links are weak. India's "look East" policy needs to be developed, if India is to become a more useful partner of the region. Crucial in this regard is a viable and effective relationship with China.**

He also states, "It is encouraging to note that China's relations with India and other South Asian countries are developing in a parallel and separate way. China is in favour of improvement of relations among various South Asian countries. Since both India and Pakistan are China's neighbours and friends, China sincerely hopes that the Kashmir dispute could be settled in an appropriate way through peaceful negotiations. China has also given its friendly advice to both countries not to raise this question at international forums." This article was first published in the USA in October 1995. In November 1996 when president and general secretary of the Chinese Communist Party, Jiang Zemin visited Pakistan after India, he reiterated China's support for the success of the South Asian Association for Regional Cooperation (SAARC) in an address to the Pakistan Senate. Of specific application in the India-Pakistan context was his advice to look at differences or disputes from a long perspective, seeking a just and reasonable settlement through consultations and negotiations while bearing in mind the larger picture. "If certain issues cannot be resolved for the time being, they may be shelved temporarily so that they will not affect normal, state-to-state relations." While this remark is applied to China's relations with its South Asian neighbours, it has relevance for judging the Chinese approach to disputes between the countries of South Asia.

In a world which has witnessed exponential changes in the last decade of the 20th century, brought about by the technological revolution in communications and by the international flow of investments, trade and services, the economies of India and China need to do much more than

consolidate goodwill and political relations, important as this is. This brin[g] one to the specifics of more intensive relations on the bilateral plane.

For the world at large, as well as for the neighbours of China and Indi[a] it is true that the incremental increase of what in China is calle[d] "comprehensive national strength" (more marked in the case of China tha[n] of India), will cause restructuring in global resource allocations, investme[nt] decisions, financial inflows and outflows, technology developments, [and] may affect the hitherto established power balance. However, as long as the[se] changes happen in an open and better integrated and interdepende[nt] multipolar framework, then goal can be achieved. This goal simply pu[t] to bring into being a peaceful Asian and international environment a[s] prerequisite for the socio economic development of their respecti[ve] populations. For this, the first requirement is that India and China as [the] two largest countries in the world must be open to each other.

After enormous reforms were introduced in the two countries we ne[ed] to deepen our understanding of the dynamics of each other's dome[stic] economic development. There are so many obvious similarities at the sa[me] time we must not lose sight of the long distance our two countries have st[ill] to traverse to spread the benefits of economic reforms to vast sections of [their] populations.

There are many parallels between India and China in the challenges th[ey] face in modernising their continental sized economies and in adapt[ing] themselves to the process of globalisation. Given the prevailing flux in t[he] international economic situation in the evolving international trade, technology and financial regimes, the results achieved by the countri[es of] South East Asia, which have not been without setbacks, there is ample roo[m] for dialogue and exchange of experience between Indian and Chinese think[ers].

It is common place to recognise that trade and investment between [the] two countries is below their potential. Many conventional paths are und[er] active exploration to increase interactions between businessmen represent[ing] various sectors. The process of increasing trade and mutual investment [is] slow. Businessmen in both countries are more comfortable dealing with traditional and long established partners, rather than invest the time, energy and money in exploring complementarities between India and China. Th[e]

two countries therefore need an infusion of fresh ideas to propel economic cooperation in areas, where each country needs the other to supplement its vast indigenous base of home-grown technologies and skills. Each is following parallel paths for the importation of advanced technologies for their infrastructure, industries and services, but there is no effort to look at the other's rich technological achievements to facilitate commercial interactions. Interface mechanisms need to be put in place represented by Indian and Chinese experts, which could focus on the indigenous inventions and technological adaptations which each society has achieved.

Both India and China need to take advantage of the factors of geographical contiguity. Hitherto geo-political compulsions have prevailed at the cost of geo-economic objectives. In recent years, China has set up diverse trans-border linkages across China's borders in all directions.

Both India and China need to take advantage of the factors of geographical contiguity. Hitherto geo-political compulsions have prevailed at the cost of geo-economic objectives. In recent years China has set up diverse trans-border linkages across China's borders in all directions. Time has now come to explore possibilities of such linkages between two countries. While a beginning has been made in border trade between India and the Tibet region of China, more points remain to be opened. To the east of India and to the south west of China there is a vast populated area which includes Bangladesh, Myanmar and some countries in ASEAN. India and China could separately engage in building up infrastructural communication linkages, trade and investments to the benefit of the region as a whole. The two governments and leaders of trade and industry need to open up to the realities of geo-economics in order to bring the development to an important area in the neighbourhood of our countries.

Wang Ruisheng has this to say about China's outlook on expanding trade and economic cooperation between China and South Asian countries: There is great potential for expansion of trade and economic and technical cooperation between the two countries (India and China). If both countries take some preferential measures between them, China and India with

a vast area in Asia and a total population of 2 1 billion, two-fifth of mankind can together form a de facto economic region. Other South Asian countries and Burma (Myanmar) can also join In this respect, it is worth studying to build a new continental bridge linking up South West China and South Asia. It can link up and transmit the tide of the economic development of the Pacific area with and to that of the Indian Ocean area' We need to generate similar thinking in India

Non-governmental personalities and established trade and industry associations in both countries assisted by inputs from think-tanks could take the lead in some of these matters reflecting the changing structure of our decentralising societies Policy initiatives and actions at the level of the two governments are required to improve the infrastructure for increasing trade commerce and exchanges' between India and China It is difficult to understand why leading airline corporations from the two sides have yet to given practical effect to the Civil Aviation Agreement between the two governments, signed in 1988 Direct communications between India and China are non-existent Banks from neither country operate effectively in the other as handmaidens to trade and mutual investments Shipping lines are largely through third parties vessels On the wider plane there exists huge lacuna in information and understanding of the potential for cooperation between India and China The lingering legacy of the sixties in certain circles in both countries, and the awe with which China's economic growth, (translated into military modernisation) is held in India are some of the psychological factors which need to be addressed The reasonable and legitimate interests and concerns of each side need to be perceived by the other side as being sensitively dealt with in a manner which would sustain the public opinion base so necessary to propel relations forward

FACING OLD AND NEW PROBLEMS POST POKHARAN II

Among Indian concerns are the further handling of the boundary dispute, China's opposition to the integration of Sikkim into India, and its assistance given to Pakistan in the non-conventional military sector On the other hand, Chinese concerns relate to Tibet and the presence of the Dalai Lama and refugees in India. On the boundary question there are some factors that favour the reaching of understandings and arrangements on the

basis of the 1993 and 1996 Agreements. The status quo, along the Line of Actual control, whereby each side is in full control over areas vital to it, has for example endured over three decades. No significant military attempt has been made by either side to disturb this status quo. The military and logistic capabilities of both sides further more have the capacity to observe as well as deter activities which transgress the Line of Actual Control. Besides, periodic and ad hoc meetings at the ground level between local commanders ensure dialogue and communications between responsible personnel of both sides.

However, faster progress in the implementation of the Agreements is needed to further consolidate the considerable political goodwill already generated, and to see to it that succeeding groups of military and civilian leaders are bound by earlier sensitive Agreements to ensure peace and tranquillity over disputed territory. The tangible psychological value of this exercise is invaluable given the reality of the growing asymmetry of economic and military strength which has accrued in the case of China.

The variety of Confidence Building Measures (CBM) mentioned in the 1996 Agreement are predicated on a mutually agreed definition of the Line of Actual Control. There are a few areas where there are differences between the two sides on where the LAC lies. Since the LAC would form the base line for the series of envisaged CBMs, the task of resolving these differences becomes all the more important. As military and other experts from both sides assist the operations of the JWG such differences are capable of being addressed on a realistic basis taking into account such elements as legitimate defence requirements of each side, assured mutual and equal security, mutual withdrawals of forces to geographical zones, limitations of quality and scope of armaments, etc. Through the exercise of political will and constructive use of the various provisions of the 1996 Agreement, peace and tranquillity along the LAC can be ensured. This would be the real breakthrough, giving practical effect to the intention of both governments not to use force or the threat of force for territorial gains.

Looking at this from another angle, both sides are presently engaged in the JWG to clarify an existing status quo, perhaps with a few mutually acceptable adjustments, but they are still far from involving themselves in a final territorial accommodation. This can only come about as a result of

political decisions backed by any ruling political party to forge the domestic consensus over the give-and-take necessary for a final boundary settlement.

The discrepancy between China's policy of de facto recognition in the practical conduct of inter-state relations between India and China over Sikkim, and its de jure position of treating it as an entity separate from India needs to be corrected. Such correction, which is a low cost unilateral action on its part, is bound to result in the trans-border facilitation of trade and exchange which both countries seek to enhance across the Tibetan border.

India's compulsions for testing were put across to the public at large and top Western statesmen in China-specific terms, which in turn drew the predictable Chinese charge that India had hegemonistic designs in South Asia.

The Pokharan II nuclear tests with their avowed purpose of perfecting weaponisation by India in May 1998 have revived all old issues and raised many new ones. Rhetoric from highly placed Indian political figures which preceded the tests and Chinese official and non-official reactions to this, have brought back into dramatic focus the [illegible] issues and differences which multi-level dialogue between the two countries over nearly two decades, had addressed with a fair measure of success. The issues which resurfaced are the boundary dispute and each country's self-justification of positions taken in the early sixties regarding this, assistance from China to Pakistan in developing nuclear and missile capabilities, the future shape of China's response to the situation in the Sino-Pakistan-India triangle, Tibet, and whether India's action and China's response would seriously jeopardise the steady achievements of the recent past in the bilateral relationship. On the broader plane, China's new found status as an active partner in the US-led anti-proliferation drive consequent to the renewal of the NPT, and the coming into being of the CTBT, raise questions for India on the impact of future Sino-US cooperation vis-a-vis India. India's compulsions for testing were put across to the public at large and top Western statesmen in China-specific terms, which in turn drew the predictable Chinese charge that India had hegemonistic designs in South Asia. If the atmosphere for improved Sino-Indian relations started with the China visit

of A B Vajpayee as foreign minister in 1979, it is ironic that its restoration, post Pokharan II, is one of his biggest challenges as prime minister

It would seem that in facing this challenge the following elements will need to be seriously addressed by Indian policy makers. A shift from the traditional India stand, which attaches priority to universal nuclear weapon disarmament measures, to one which attaches priority to South Asian-specific nuclear weapon disarmament measures. Initiatives need to be taken to firmly address the Sino Pakistan Indian nuclear weapon syndrome with help from the other four nuclear weapon powers. Secondly, more rapid progress in implementing the CBMs with respect to the Line of Actual Control on which agreements exist from 1993 and 1996 between India and China. Thirdly, Indian initiatives to reciprocate the high level of recent visitors from China to India to reassure China that India attaches the highest priority to improvement of relations of understanding and accommodation with China and to signal the maintenance of the momentum in bilateral relations in all fields as was the case before Pokharan II

The fact that Tibet is an autonomous region of China and recognised as such not just by India, but by governments all over the world, is an [illegible] fact in the [illegible] situation. Indian leaders' recent assurances to the Chinese about India's policy on this question is a reiteration of an [illegible] stand which can be traced back to the British colonial period of Indian [illegible] and continued since India's independence. However, the unease [illegible] which the Chinese view the growing stature of the Dalai Lama and [illegible] international sympathy which the situation of the Tibetans has evoked, [illegible] Chinese to frequently raise the matter in dialogues with Indian [illegible] leaders and officials. As for the Dalai Lama, he has abided by [illegible] universally acknowledged norms of shelter in India, which has been [illegible] on humanitarian grounds. He has no support from the government [illegible] in any political activity aimed against China. As for his ardent and [illegible] followers, the overwhelming majority live in India and are engaged [illegible] which are open to them in their capacity as refugees. Given [illegible] democratic system, it is unrealistic to expect that curbs can be put [illegible] ability to assemble and give free rein to expression, provided such [illegible] are within the bounds of Indian laws. Seen in this light, the [illegible] of the Tibetan agitation outside Tibet, is not an issue between [illegible] and China. As far as India is concerned the best outcome would be

if early direct dialogue between the Dalai Lama and the Chinese authorities could result in a mutually acceptable solution where Tibetans are enabled to return to Tibet in dignity. The problem between Tibetans and China is not of India's making. It has not done anything to encourage its escalation into an international issue

To conclude, fifty years ago when India attained Independence, India's foreign policy reflected pluralism, democracy, moral values and the search for cooperation with societies with different political systems. Intrinsic to our approach to the world was the fierce struggle to retain independence of judgment and autonomy of action during the height of the ideological Cold War. Without risk of too much contradiction one could assert that this approach served us well over the first decades of our independence. We need the same tradition of independence in thought and action today in the drastically changed international circumstances at the tailend of this century. With regard to China we need to understand better the changed dynamics of her domestic developments, the benefits to her vast population, of the social and economic policies from the eighties and the problems with which she is still confronted with respect to the world at large

The internet and satellite TV have opened up Asian societies. Domestic situations in India and China involving the social and other rights of their vast populations have become matters of international interest. The manner in which their economy affects international markets for goods, technology, services and finances and in turn are affected by developments in these areas which are increasingly controlled by international regimes are practical issues. The impact of their rapid growth on the food, energy, health and environment outlook for the globe in the near future is of growing international concern. How India and China cope with the order that is set to emerge on such issues is another challenge which both countries need to face separately and in cooperation, while striving to qualitatively and substantively improve their bilateral relations ■

The Emergence Of Three Asias

Three Asias — Central Asia, West Asia and South Asia — have emerged in the post-Cold War era. Though signs of interaction among them are surfacing, much separates and divides them. However, should the three subregions shift their interest from geo-politics to geo-economics, they may be able develop a high level of cooperation.

MOONIS AHMAR

INTRODUCTION

The shared concerns of Central, West and South Asia range from environmental, water, energy, refugees, and poverty concerns to political, security, ethnic, religious and territorial issues. The linkages in the three Asias promote both, a sense of identity and diversity, in the three regions.

In order to discuss the concept of three Asias we need to answer the following questions:

- Is there any historic evidence to prove linkages between geographically contiguous but diverse regions?
- What are the factors promoting the concept of three Asias?
- What are the factors contradicting this concept?
- What are the possibilities of the integration of three Asias?

Since the idea of the three Asias is relatively new those interested in this concept should keep two things in mind. First, the idea suggesting linkages between the three Asias has got an impetus as a result of the momentou

events of the late 1980s and early 1990s in the Soviet Central Asian Republics, Afghanistan, Iran, India and Pakistan. These events led to the revitalisation of old ties and bonds based on history, ethnicity, culture and religion among the people of Central, West and South Asia. Second, technological advancement in the areas of science and communications have reduced the barriers of boundaries and frontiers. People in the former Soviet Central Asian Republics, despite living under Russian and then Communist tutelage for 150 years, have responded positively to the restoration of cultural and religious ties with their neighbouring countries and the Middle East. A sense of belonging to a similar cultural heritage is taking place in most of the countries of the three Asias. Moreover, while examining the pros and cons of the three Asias one should realise the fact that all the three regions are passing through a transitory phase. The pace of transformation from an authoritarian political culture to a participant political process is evident in Central Asia. In South Asia all the countries, except Bhutan, have democracies. In West Asia however things are different. Afghanistan is still under the shadow of civil war and Iran is ruled by a Muslim theocracy. Turkey is secular and also democratic but is vulnerable to the forces of religious extremism. Nonetheless, religion, nationalism, secularism and democracy are important trends influencing the three Asias and the future of the regions depends on the cooperation and conflict arising from these trends.

[illegible]

Historical economic, political and security linkages between different regions can be found in Europe, the Middle East and East Asia. In the [illegible] Europe the theory of integration led to the cohesion of like-minded ... northern and southern countries of that continent under the framework of the North Atlantic Treaty Organisation (NATO) and European Economic Community (EEC). The post second world war period promoted the concept of European integration and paved the way for Franco-German ... despite their historical rivalry. Yet, more than the question of economic integration, the actual motive behind such a move was to formulate an alliance of like-minded European countries against the Soviet bloc. In

that alliance geography was not important as countries like Greece, Portu[gal] and Spain, which were technically not part of industrialised Western Europ[e] were accepted not only in NATO but also in the European Communi[ty]. The concepts to build "Fortress Europe", "Common European Hom[e]", "United States of Europe" stretching from the Atlantic to the Urals exist[ed] during the cold war era. [It] received a new impetus with the collapse of the Berlin Wall [and] the dismantling of the Wars[aw] Pact. The rise of the Europ[ean] Union and several oth[er] organisations concern[ed with] economic, political and secur[ity] matters of the Continent sho[wed] one common theme: Eur[ope] should be without politi[cal] frontiers and boundaries. [The] prejudices, biases, barriers and obstacles in the way of a United Europe we[re] gradually removed. The European Union decided to remove all restric[tions] on the free flow of goods, services, capital and people.

In the case of Europe, the theory of integration led to the cohesion of like-minded Western, Northern and Southern countries of that continent under the framework of the North Atlantic Treaty Organisation (NATO) and European Economic Community(EEC).

In the Middle East, the process of integration is still in a transitory ph[ase]. The Arab League, representing the Arab speaking countries of the Mi[ddle] East and North Africa, is simply a diplomatic and political forum of [the] region, except for Israel. The Gulf Cooperation Council (GCC) h[as] economic and security agenda but it is incomplete because of the abs[ence] of Iraq and Iran. Moves for economic and political integration of the Mi[ddle] East could not succeed because of inter Arab rivalries and Arab Israeli disp[utes]. The idea of establishing a Middle East Development Bank (MEDB) is ai[med] at promoting cooperation among the regional countries, particularly betw[een] Israel and the Arab states. But such ideas have not yet been turned into f[ull] fledged reality because of differences between European countries and [the] United States about their role in MEDB, and because of reservations amo[ng] some Arab countries regarding the role of Israel in that set up and inter Arab rivalries.

East Asia is an interesting example of growing economic cooperation particularly in South East Asia and North East Asia. The Asia-Pacific Economic

cooperation (APEC) is a vast economic network, involving countries like Australia, New Zealand, Japan, South Korea and Taiwan. States belonging to the South Pacific Zone and East Asia have established strong links for economic reasons. The Association for South East Asian Nations (ASEAN) is in the process of revitalising its role by incorporating the erstwhile Communist regimes of Indo-China in the mainstream capitalistic economic order.

For the countries of the three Asias, models of cooperation in different parts of the world provides a logical basis for promoting the idea of cohesion in their own regions. In various models of integration, the emphasis has been on promoting positive areas of economic cooperation despite numerous hostilities. The three Asias are in the process of formulating ideas for cooperation and could learn lessons from various success and failed stories elsewhere. There are bonds of commonality and areas of diversity in the three Asias and it is time some serious thought is given by the concerned quarters to encourage those trends which could promote an institutional relationship based on cooperation in important areas in these three regions.

As a result of the Soviet disintegration and the emergence of the new Central Asian States, the geo-political complexion of the three Asias has changed. Russia is no more a neighbour of Afghanistan, Iran, Pakistan and Turkey. In the case of India, the fall of the Soviet Union removed the age-old Russian threat of expansion in South Asia. In the changed geo-political scenario, the following factors support the concept of three Asias: culture, religion, security, and geo-economic and geo-political considerations.

CULTURAL FACTOR

The three Asias are linked by the cultural factor. This is particularly noticeable in the Central and West Asian regions. With the collapse of the Soviet Union and the emergence of Central Asian Republics as sovereign States, the new leadership of that region has been focusing on revitalising cultural ties among the three Asias. Such a task has been undertaken through the framework of the Economic Cooperation Organisation (ECO) and various non governmental organisations active in the three regions.

The feeling of cultural identity in the three Asias has however given rise to a counter reaction. Those ethnic groups in the Three Asias who do not share their cultural values look for alternatives. A feeling of nationalism on both sides of the spectrum is a logical outcome of clash between several cultural forces taking place at the same time. As far as the West and Central Asia are concerned the dominant cultural and ethnic groups are the Kazakh, Kyrgyz, Pashtun, Persian, Russian, Turk, Tajik and Uzbek. With some overlapping, most of these cultures inter mingle with each other. As far as South Asia is concerned the cultural linkages of that region with Central and West Asia are mostly limited to Pakistan and some part of northern India. The feeling prevailing among the majority of North Indians that they belong to the Aryan race has gone a long way in strengthening their cultural bonds with the West and Central Asians. Likewise a large number of Indians belonging to the South and the East do not share their culture with the northerners.

With the collapse of the Soviet Union and the emergence of Central Asian Republics as sovereign entities, the new leadership of that region has been focusing on revitalising old cultural ties among the three Asias.

As stated by an Indian analyst on Central Asian affairs "the emergence of Central Asia has generated considerable interest in South Asia too. India's relations with Central Asia are civilisational. Direct contacts over the centuries between the two civilisations has left mutual imprints on every aspect of their lives. Pakistan, on the other hand, sought to promote Islamic fundamentalism in Central Asia, which it thought would strengthen and rationalise Pakistan's own existence as a nation state". (P Stobdan, *Emergence of Central Asia: Strategic implications*, Strategic Analysis XVIII 3 (June [illegible]) pp 307-308)

With the advance of information technology there is a growing awareness among the people of the three regions of a similar cultural heritage. However despite the relevance of information technology in revitalising cultural links in the three Asias, the question of the free movement of people still blocks the institutionalisation of cultural relations. It is true that the people of Central Asia are no more under the clutches of state centralisation as was

the case in the Soviet days, yet their interaction with each other and with their neighbours is still not wide and open, as it should be.

RELIGIOUS FACTOR

Religion is the second most important bond in the three Asias. For the first time Islam has been recognised as a force to be reckoned with in the new Central Asian Republics. The awareness among the people of Central Asia about the merit of Islamic unity is growing. Events taking place in Iran, Afghanistan, Bosnia Herzegovina, Chechnya, Kashmir and in the Persian Gulf and Middle East regions have given an impetus to Islamic resurgence in the three Asias. This is so because of two reasons: first, the demise of the communist bloc has created a power vacuum to the delight of the West, though in the course of celebrating its so called victory over communism, the West has not failed to realise the predictable emergence of Islam and Muslim countries as a visible threat to the status quo. The clash of civilisation thesis presented by US scholar Samuel Huntington does confirm the emergence of 'alarmist' feeling in the West due to the rise of political Islam. Samuel P Huntington, *The Clash of Civilisations?* *Foreign Affairs*, New York, Summer 1993, pp [illegible]. The role played by the West in the post-Cold War era, particularly in Bosnia Herzegovina, promoted the image of a West embedded in double standards and hypocrisy. For many Muslim thinkers in the three Asias the only way for Muslims to overcome their present dependence on the West is to close their ranks and emerge as a powerful [illegible]. Though the task seems to be arduous because of the rampant corruption, political instability, problems of governance and economic chaos prevailing in Muslim countries of the three Asias, the feeling is gaining among many Muslim scholars that they need to follow the road of self-confidence, integrity and perseverance in order to get out of the clutches of neo-colonialism and imperialism. Apart from many extremist Muslim groups, there are also [illegible] and moderate Islamic organisations in the three Asias, which [illegible] believe in formulating Islamic unity is a source of power and prestige at the global level.

Like the cultural factor, the case of religious unity has been counter-productive. As a counter to the rise of political Islam, extremist Hindu

groups are calling for an effective alliance of Christians, Jews, Hindus and Buddhists. The Bharatiya Janata Party (BJP) with an alliance of like-minded Hindu revivalist parties has chalked out an agenda to counter the rise of Muslim groups in the three Asias. Such elements justify the upsurge of Hindu nationalism as a logical consequence of Islamic extremism, particularly as a result of events in Afghanistan, Iran, Kashmir and Pakistan. It is yet to be seen how the BJP will implement its political agenda vis-a-vis religious minorities in India and its eastern neighbour, Pakistan, after assuming power in New Delhi.

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How far is the Islamic [illegible] effective in the three Asias. Can the Muslim countries and groups unite against prevailing trends?

The West is fearful of Islamic resurgence in the three Asias but in [illegible] political Islam is far from an actual threat to its core interests. In Central Asia, the regimes in power are secular and the opposition is either composed of Islamic or democratic groups. For instance, in Uzbekistan and Tajikistan the Islamic Renaissance Party (IRP) is operating at the grass root level [illegible] so far it has not been able to pose an effective threat to the status quo. [illegible] Tajik civil war has a more tribal than a religious dimension. Another aspect of political Islam in Central Asia is the role of ethnicity and the non-Muslim Russian minority in that region. The aggressive or militant Islam may appeal to the orthodox lower or middle-classes of Central Asia but the urban [illegible] influential elite, which has been under the influence of Slavic culture [illegible] long, will not tolerate the takeover of power by a group of extremist Muslims.

Another area where Islamic groups are facing problems in the three Asias is the sectarian rift. Those who support the Iranian brand of Islam are [illegible] acknowledged by those who follow the Wahabi sect supported by Saudi Arabia. The sectarian factor is relevant in Afghanistan, India, Iran and Pakistan and is a major impediment to the cause of Muslim unity.

Contradictions within the Islamic groups have not prevented Islam from emerging as a strong link in the three Asias. In some cases (particularly in Central Asia) Islam has a more cultural dimension than political, whereas in South and West Asia it has an ideological appeal. Among the seven South Asian countries, only Bangladesh and Pakistan are members of the Organisation of Islamic Conference (OIC), whereas all West and Central Asian countries are associated with that group. Islam provides a sense of identity and oneness to the Muslims of the three Asias but so far it has only a marginal political appeal. However, it deepens the perception of threat among non-Muslim countries and groups in the three Asias and the West.

SECURITY FACTOR

The three Asia region is geographically contiguous and politically unstable. Unresolved conflicts promote feelings of insecurity in all the three regions. There exists a clash between different political and religious ideologies, i.e. Islam, Hinduism, Democracy, Secularism and Socialism. Important flash points in the three Asias are Afghanistan, Kashmir and Tajikistan. The civil [illegible] that is under way in these countries encourages arms race, both conventional and nuclear, external intervention and internal instability. The [illegible] is concerned about the spread of weapons of mass destruction but is [illegible] how to respond to an alarming security situation in the above [illegible] flashpoints.

It is not only in the areas of unresolved territorial, political and tribal conflicts that the problem of insecurity persists. The real security threats in [illegible] Asias are poverty, environmental hazards, refugees, scarcity of [illegible] and energy resources, unresolved ethnic and sectarian conflicts and so [illegible]. It is in these areas where the countries of the three Asias need to [illegible] and cooperate with each other. There exists an opportunity for [illegible] cooperation so as to cope with these security threats. So far, the [illegible] of the three Asias have tried to meet such threats individually and [illegible]. The South Asian Association of Regional Cooperation (SAARC) [illegible] ECO are the forums from where the member countries are trying to [illegible] with numerous security threats. Unfortunately, despite the presence of [illegible] security threats in the three Asias, there exists no coordination [illegible] SAARC and ECO to formulate joint strategies.

ECONOMIC FACTOR

The weakest link in the three Asias is economic. Again, SAARC and ECO are not involved in joint economic activities and cooperation among the countries of the three Asias is only limited at the individual level.

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With the emergence of sovereign Central Asian States there exists an opportunity for viable economic cooperation in the three Asias. However, the situation on the ground does not look very promising.

Most of the countries in the three Asias are economically weak and technologically backward. Such countries are dependent on either the West or the industrially advanced countries of the Asia Pacific region for technical assistance and aid. Economic challenges faced by the three Asias are population explosion, growing debt burden, alarming rate of inflation, falling standard of living of people, under-developed infrastructure, low per capita income and so forth. Likewise economic challenges confronted by the countries of the three Asias provide an opportunity to these countries for formulating short and long-term collective strategies. Presently almost all the countries of the three Asias have launched the process of privatisation and market economy. These countries have opened their economies to foreign investment. But what is required on the part of the three Asias is to jointly ponder the implications of economic reforms and possibilities of overcoming difficulties in this regard.

In the process of economic modernisation the countries of the three Asias should learn lessons from the recent currency crisis in East Asia and figure out strategies to cope with various challenges to the process of market economic and trade liberalisation. All the countries of the three Asias have more or less similar economic problems and challenges. They are experiencing acute shortage of hard currency and to a large extent they also lack the expertise of building their own industrial infrastructure. When foreign business and commercial firms are involved in exploring various industrial projects the result is often greater dependence of these countries on the developed world.

Economic cooperation among the three Asias will have two major implications. First, the exchange of knowledge and expertise among the scientists and scholars of the three regions, and second the gaining of enough self confidence among them to build their institutions without any Western help or assistance. Economic cooperation would also require the easing of restrictions on the free movement of people, goods, services and capital. The process of economic decentralisation will promote democratic values and curb the influence of extremist elements.

[illegible] CONTRADICTING THE CONCEPT OF THREE ASIAS

The bonds of unity in the three Asias are incapable of preventing divisive trends in the three regions. West, Central and South Asia are poles apart on vital issues concerning their security and are considered vulnerable to instability and chaos. Leadership of the three Asias is divided on core issues affecting their security and future aspirations. At least five important [illegible] contradict the concept of the three Asias:

- Bilateral conflicts between various states
- Lack of understanding among the countries of the three Asias on security [illegible]
- Growth of ethnic and religious conflicts
- Proliferation of weapons of mass destruction
- Failure of the three regions to reduce their dependence on the West for technology and economic assistance

[illegible] Afghanistan and Tajikistan, Pakistan and India are involved in bitter [illegible]. Common problems faced by the countries of the three Asias like [illegible] underdevelopment, environmental pollution, scarcity of water [illegible] energy resources, weak industrial base and so forth provide an [illegible] for the three regions to promote cooperation. Their failure to [illegible] and collectively deal with these issues can only erode prospects for [illegible]

[illegible] CONFLICTS

Some of the bilateral conflicts among the three Asias are a cause of high-profile tension between warring states. Other conflicts are of a peripheral

nature but do obstruct the process of regional cooperation Core and periph[illegible] conflicts in the three Asias can be summarised as follows:

- India and Pakistan: The core conflicts are Kashmir and nucl[illegible] proliferation and the peripheral conflicts are Siachen, Wuller Barrage, S[illegible] Creek, allegations of Indian interference in Sindh and Pakistan[illegible] interference in Punjab, North East India, the Indian controlled parts [illegible] Jammu and Kashmir and the role of proxy wars
- India and Bangaladesh: The core conflict is the Farrakha Barrage and [illegible] peripheral conflict is allegations made by Dhaka from time to tim[illegible] Indian interference in its internal affairs
- India and Nepal: Peripheral conflict is Nepal's resentment over Ind[illegible] monoploy over its trade
- India and Sri Lanka: Core conflict is Colombo's allegations of N[illegible] Delhi's support to the Tamil separatist elements
- Pakistan and Afghanistan: Peripheral conflict is the issue of the Dur[illegible] Line
- Pakistan and Iran: Peripheral conflict is difference betweent th[illegible] countries in handling the Afghan crisis and allegations made by [illegible] Pakistani sources of Tehran's involvement in Pakistan's sect[illegible] discords The death of many Iranian nationals in Pakistan becaus[illegible] sectarian violence is also a major source of discord between Tehran [illegible] Islamabad
- Afghanistan and Tajikistan: Core conflict is tussle between th[illegible] countries on the Tajik civil war and the role of extremist Afghan [illegible] groups in Tajikistan's civil strife.
- Uzbekistan and Kazakhstan: Peripheral conflict is over leadership [illegible] Central Asia
- Uzbekistan, Tajikistan and Kyrgzstan: Peripheral conflict over [illegible] resources
- Iran and Turkey: Peripheral conflict over their spheres of influen[illegible] Central Asia.

So far there exists no mechanism either at the bilateral or at the regi[illegible] level to help resolve core and peripheral conflicts among the countries of [illegible] three Asias As long as these conflicts are not settled, it will be nearly impossible to figure out a mechanism for integrating the three Asias on a[illegible] institutional basis. One way to deal with these conflicts is to evolve som[illegible]

sort of multilateral channel of mediation and conciliation. Presently, there are two institutions which could play the role of resolving conflicts in the three Asias. These are South Asian Association for Regional Cooperation (SAARC) and Economic Cooperation Organisation (ECO). Despite their official position, both these organisations do provide an opportunity for informal discussion among member countries to resolve disputes. Non-Governmental Organisations (NGOs) in the three Asias could also provide a leadership role for removing mistrust and suspicion among warring states.

So far there exists no mechanism either at the bilateral or at the regional level to help resolve core and peripheral conflicts among the countries of the three Asias.

SECURITY CONCERNS

Security perceptions among the countries of the three Asias are contradictory and even hostile. There exists little realisation in these countries that the security concerns are domestic and not external. The actual areas of concern are poverty, under development, illiteracy, population explosion, environmental pollution, scarcity of water resources, energy shortages, rising ethnic and sectarian strife, growing debt burden, excessive spending on defence and unresolved conflicts between neighbouring states. Lack of vision among the leaders of the three Asias on handling core security issues has [illegible] the possibility of their linkage on security matters.

Significant security concerns in the three Asias could be summarised as follows:

- On the issue of collective security, all the Central Asian countries share a common perception. As a result, these countries have joined the Organisation of Security and Cooperation in Europe (OSCE).
- On the issue of interference in internal affairs the countries of the three Asias which are involved include India and Pakistan on the Kashmir dispute and in the province of Sindh, Afghanistan and Tajikistan on the Tajik internal strife, Iran and Pakistan on the question of sectarian violence in Pakistan.

- India and Bangladesh have a major security issue concerning th distribution of Ganges river water. Although the dispute has been settl by the two governments, it is not to the satisfaction of many Banglades
- Non-military threats are shared by all the countries of the three As
- Conflict between hardliners and moderates on political, religious a security issues tend to worsen the security environment of the three A

So far no substantial breakthrough has been achieved to collect address security concerns in the three Asias The lack of understanding the matter has blocked the promotion of a common security appro among the countries of the three Asias However, the absence of su understanding has provided an opportunity for the three regions to common perceptions on similar security matters and figure out methodo for the adoption of a common approach The issues of the proliferati nuclear weapons and other means of mass destruction are such th leaders of the three Asias cannot afford to adopt different policies Th is true with other security concerns related to non military threats re environment, scarcity of water and energy resources growing debt bur population explosion, rising ethnic and communal strife economic development and so forth

ETHNIC AND RELIGIOUS CONFLICTS

The three Asias are also a hotbed of several ethnic and religious conf In Afghanistan India Pakistan, Sri Lanka and Tajikistan the sou tension and instability are to be found in unresolved ethnic and re conflicts threatening national sovereignty in these countries Ethni religious conflicts in the three Asias could be explained as follows

- In Afghanistan there is a conflict among ethnic groups like Pasht Tajiks and Uzbeks which has threatened the division of that count ethnic grounds
- In India, Hindu-Muslim tension, ethnic divisions in North Eastern In Uttar Pradesh, Bihar and Tamil Nadu tend to reinforce demands more decentralisation and creation of new states
- In Kazakhstan, ethnic discord between the Slavic and the Kazak communities tend to promote insecurity and political instability in th country

- Pakistan's ethnic balance is delicate, given ethnic tension in Baluchistan between Baluch and Pashtun communities, in Sindh between the Mohajirs (migrants from India at the time of partition of the sub-continent in 1947) and native Sindhis, and in Punjab between the Siraikis and Punjabis. In addition to the ethnic tension, there is also sectarian rift between the Shiite and Sunni communities in Pakistan. Ethnic and sectarian conflicts have given rise to centrifugal forces and demand for more autonomy.

In India, Hindu-Muslim tension, ethnic divisions in North-Eastern India, Uttar Pradesh, Bihar and Tamil Nadu tend to reinforce demands for more decentralisation and creation of new states.

- In Sri Lanka the ethnic divide between the majority Sinhala and minority Tamil communities has witnessed sustained violence and bloodshed. In Tajikistan [illegible] Uzbek, Tajik and Kirgyz tension [illegible] contributing to political instability in that country.
- The Kurdish problem [illegible] of ethnic tension in Iran and in [illegible]. In Turkey [illegible] secular and Islamic forces tend to [illegible] political instability.

[illegible] there is no framework to deal with ethnic and sectarian conflicts [illegible] Asia. The [illegible] of instability in these regions are such that [illegible] cooperation and understanding have so far failed to yield positive [illegible] time that there [illegible] awareness among the people of [illegible] Asias about the menace of ethnicity and sectarianism. At the [illegible] and non-governmental levels meaningful efforts could be made [illegible] ethnic and sectarian conflicts. SAARC and ECO can also play a [illegible] role in this regard provided there is political will and [illegible].

[illegible] OF INTEGRATION

The bond of unity and the areas of diversity in Central, West and South Asia opens a new area of debate among the concerned circles for the likelihood of cooperation in the three regions. If the bonds of unity in the three Asias are carefully analysed, possibilities of integration appear to be a

distant reality. The sources of diversity are such that the prospect of integration seems remote. Civil war in Afghanistan is the most important reason for deferring the process of integration because sustained violence and bloodshed going on in that country since 1978 has augmented a sense of insecurity in neighbouring countries. Pakistan, Iran, Tajikistan, Uzbekistan and Turkmenistan, as the neighbours of Afghanistan, represent the three Asias and the on-going process of change in the three regions is seriously affected in view of the unfortunate happenings in Afghanistan. Consequently Afghanistan holds the key for peace and stability in the three Asias.

The concept of the integration of the three Asias is impracticable if viewed in the context of several diversities in these regions. What is likely is the intermediate way to achieve the goal of cooperation in Central, West and South Asia. It would require a step by step methodology to promote people-to-people contacts, particularly in the areas of travel, tourism, education, science, technology and so forth. The three regions share numerous commonalities and it is time the bonds of unity are properly utilised. Two major impediments are present for bringing the three regions closer to each other. First, the Indo-Pakistan conflict leading to a stalemate in South Asian Regional Cooperation. Second, the anarchy in Afghanistan. Because of these two obstacles, it has become quite difficult for the governmental and non-governmental organisations of the three Asias to transform the idea of cooperation into reality.

If the prevailing trends in the three Asias are analysed, two possibilities exist. First, the spread of information technology has created awareness in the three regions about the need for cooperation. The shift from geo-politics to geo-economics will unleash the process of change and will help to reduce restrictions on the free flow of people, goods, services and capital. It will also create an urge for the management and resolution of outstanding conflicts. Second, the costs of non-cooperation and cold war among the warring states of the three Asias will diminish their hawkish influence on policy-makers and cause substantial reduction in defence expenditure. Particularly, the Indo-Pak rapprochement and peace in Afghanistan will be a boon for ushering in a new era of political stability, economic progress and prosperity in the three Asias. It is yet to be seen how much political will the governing elites of Central, West and South Asia have for improving the

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NAZI GERMANY, HITLER AND THE HOLOCAUST

HITLER'S WILLING EXECUTIONERS: ORDINARY GERMANS AND THE HOLOCAUST

Daniel Jonah Goldhagen New York Alfred A Knopf, London Little Brown 1996 London Abacus 1997, pp 634

NAZI GERMANY & THE JEWS: VOL 1: THE YEARS OF PERSECUTION 1933-39

Saul Friedlander London Weidenfeld & Nicolson 1997 pp 436

THE HITLER OF HISTORY

John Lukacs New York Alfred A Knopf 1997 pp [illegible]

REVIEW ESSAY MARIUS STEINERT

There seems to be an endless flow of publications about Hitler about the Third Reich, and especially about the genocide of Jews to whom the terms of *holocaust* and *shoah* are increasingly applied This shift from a legal, "technical" concept to a religious one is significant, for it signals a shift of focus from factual, historical, detached presentations of what happened to more ethical, cultural and civilisation-centered explanations.

The first book under review exploded like a bombshell in Germany, even before its German translation Its impact, in fact, exceeded the controversy over Fritz Fischer's publication *[illegible] der Weltmacht, 1961* (*Germany's [illegible] the First World War* 1967) when German guilt for the outbreak of the first World War was clearly admitted for the first time by a German historian. Until then, after a long period of mutual accusations among the former belligerents, only a shared responsibility had been accepted

Goldhagen's publication also aroused heated debate in much broader circles than had been the case in the eighties during the notorious controversy among German historians (*Historikerstreit*) regarding their past — a "past which

didn't pass" — in the words of an editorial written by one of them, but which was rejected by a well-known newspaper which should have published it. In this "scholastical" dispute, comparable to those of the Middle Ages, the so-called 'intentionalists' confronted the so-called 'functionalists'. The former defended the thesis that Hitler's intention to kill the Jews existed since the beginning of his political career in 1919, with the most extremist among them claiming that the "Asiatic" crimes of the Bolsheviks preceded Hitler and had in fact inspired the Nazi crimes. For the [illegible] the killing of the Jews was the [illegible] of a long process of [illegible] administrative, functional and [illegible] measures and was never [illegible] from the beginning. For a third [illegible] inspired by the Fischer [illegible] the roots of this special path [illegible] taken by Germans [illegible] compared to those of other Western [illegible] states lay in the incapacity [illegible] German elites to transform their [illegible] economic structures in order to [illegible] with the consequences of the [illegible] revolution. In clinging to their [illegible] and economic power, they [illegible] an authoritarian political [illegible] blocking the way to a liberal [illegible] system, and finally leading [illegible] totalitarian Third Reich.

These few prefatory words regarding [illegible] debates concerning the German past [illegible] necessary in order to understand the impact of Goldhagen's study, in America, in France, in Israel, and especially in Germany.

His publication consists of two sections: the first is a theoretical framework based on the notion of prejudice, and the second is a historical analysis of three case studies to prove the validity of the hypothesis exposed in part one. The central intent of the publication is, as the author suggests in his introduction, to reconceive "central aspects of the Holocaust" (p 3) and to explain the motivations of its perpetrators. For this purpose, the author has chosen three "institutions" of the Third Reich's killing machinery, the police battalions, the so-called "work" camps and the death marches. Besides the cases and samples chosen by Goldhagen, two different target populations are the object of this study: the population of perpetrators and the German people themselves. The conclusions therefore concern both, the perpetrators and the larger population of Germans (pp 467 [illegible]).

The core of Goldhagen's thesis is the cognitive model of "eliminatory antisemitism" — a mindset developed over the centuries and which has become "a more or less *permanent* feature of the western world" (p 42). The Jews were considered as evil, as "Christkillers". But with the rise of liberalism, the mindset changed and it was admitted that the Jews could be "regenerated" by renouncing their religion and their "Jewishness". Thus they could be

redeemed. In concentrating his analysis on German society, and in reducing the evolution of antisemitism in other European countries to a minimum, Goldhagen comes to the conclusion that in the final analysis the German liberals came to believe that the Jews were different and that they were a race. Their former philosemitism with "benign" eliminationist intent turned to "less benign" eliminationist solutions (p 59). 'By the end of the nineteenth century', the author argues, 'the view that Jews posed extreme danger to Germany and that the source of their perniciousness was immutable, namely their race, and the consequential belief that the Jews had to be *eliminated* from Germany were extremely widespread in German society' (p 72). '*The eliminationist mindset tended towards an exterminationist one*' (p 71). For Goldhagen, 'It is thus incontestable that the fundamentals of Nazi antisemitism had deep roots in Germany, was part of the cultural cognitive model of German society, and was integral to German political culture' (p 74).

In the author's view, whose father escaped death in Auschwitz, Germany was not part of the western civilized world with its value system based on the respect of the individual. The core of the German cognitive model was an obsessive antisemitism. According to Goldhagen, this specificity was not sufficiently understood in the former studies on the Holocaust.

For him, antisemitism was endemic in Weimar Germany and became all pervasive during the Nazi period. Even 'those in the opposition and resist[illegible] to the Nazis were not moved [illegible] opposition by a principled disappro[illegible] of the elimination of the Jews [illegible] German society' (p 115). Few peo[illegible] understood the real danger of Naz[illegible]. It was an American Jewish literar[illegible] who was able to grasp the essen[illegible] the Nazi project from its initial mo[illegible] and who dubbed Nazism as the [illegible] against civilization [illegible] Goldhagen adds that in Germany [illegible] official representatives of the [illegible] revealed their [illegible] exterminatory impulse [illegible] Therefore, it follows from [illegible] Ordinary Germans were [illegible] to have their racial antisem[illegible] [illegible] activated for [illegible] 428.

The [illegible] exposes The eliminationist Pr[illegible] Institutions. Illustrated [illegible] of photographs, Goldhagen [illegible] fact and the horror of the [illegible] forms of genocide.

The former [illegible] explanations of the motivation [illegible] perpetrators of genocide [illegible] coerced unthinking obedient ex[illegible] of state orders', or that they were [illegible] on social, psychological pressu[illegible] triggered off by the prospects of per[illegible] advancement, or by a lack [illegible] comprehension or responsibility for [illegible] they were doing, owing to the putative fragmentation of tasks, are in Goldhage[illegible]

Jews in Germany contrasted positively with the pogroms in Poland and Russia, and with the Dreyfus affair in France in the nineteenth century? The scornful rejection of the bulk of earlier scientific research on the Holocaust, a selective utilisation of sources and literature to cement his theoretical framework, and *the presentation of his argument that the* perpetrators of the police units, of the "work" camps and of the death marches were all ordinary Germans (there were ordinary German who killed, but not all ordinary Germans were killers, as an angry historian put it) were the cornerstones of criticism levelled against Goldhagen. Nevertheless, the author was praised by some to have highlighted neglected aspects of the historiography of the Holocaust, the mentality and the cruelty of the killers, their number, and the unbearable suffering of the victims. Like the films, "Holocaust" and "Shoah", Goldhagen struck an emotional chord in a larger public and the media than most of the scientific, and often "derealisating" presentations on the subject. A skilful, full-blown public relation campaign helped to push the book to the top of the bestseller lists. Whatever one may think of the methodological shortcomings and provocative statements of this publicaiton, its large impact cannot be ignored and may help to promote historical consciousness.

The second book under review is not written as a counter-presentation to Goldhagen's study. It has been conceived, researched and written at the same time as the former. This scholarly publication has not raised a compar[illegible] storm in the media and in the pub[illegible], but has been well received by academ[illegible] historians. Saul Friedlander's emph[illegible] "upon the interaction between Hi[illegible] his ideological motivations and [illegible] *constraints of the system within wh[illegible]* he acted" (p. 336). It takes [illegible] consideration ideology, internal pres[illegible] bureaucratic influence and to a les[illegible] extent, popular opinion and attitude[illegible] foreign goverments. The author [illegible] combines a number of findings of [illegible] "functionalists" and the "intentional[illegible]" even if he is nearer to the latter. A radical antisemitism, it was a fact [illegible] the *Führer*, the party elite and [illegible] agencies were responsible for anti-Je[illegible] policies in Nazi Germany. Yet [illegible] the traditional elites and within the w[illegible] reaches of the population, he argues [illegible] Jewish attitudes were more in the [illegible] of tacit acquiescence or varying deg[illegible] of compliance (p. 4).

The author's restraint in tackling [illegible] difficult subject is remarkable, consid[illegible] his personal background. Born in Pr[illegible] on the eve of the Nazi era as a ch[illegible] German speaking Jews, he flew to F[illegible] in 1939, where he survived in a Cath[illegible] seminary, while his parents w[illegible] assassinated in Auschwitz. He fin[illegible] reached the newly created state of Isra[illegible] in 1948 under perilous circumstances.

Nearly two decades older than Goldhagen, Friedlander's appro[illegible] (professor of History at both, Tel Aviv

nineteenth century, Friedlander doesn't ignore the fact that after the first World War there existed a 'massive disproportion of leaders of Jewish origin among the Bolsheviks', who represented the generation of newly emancipated Jews. For them in a new socialist world 'all of suffering humanity would be redeemed, and with that, the Jewish stigma would disappear' (p 93). It was no more the expectation of the Christian world view which would redeem the Jews, as Goldhagen had explained, but the Socialist credo.

In his development of various redemptive hopes and aspirations, Friedlander follows new historiographical trends in the explanations of totalitarian ideologies and regimes. On the one hand, there were tendencies to place communism and national-socialism in the context of apocalyptic millenaristic visions, on the other, there were new researches defining them as a political-religious phenomenon. To further underpin the specifics of German antisemitism, Friedlander compares it with the evolution in the thirties in other countries, notably Poland and France. For him, the evidence presented by Goldhagen for the existence of a century-old eliminatory antisemitism at the core of the German political culture are not convincing. But he doesn't elaborate on the extension and kind of antisemitism in various social strata. Only two institutions of the German elites, the churches and the universities are examined in depth. The result is a blow to all ethical considerations. Again [illegible] again, the author's chronological anal[illegible] is interrupted by the narration of perso[illegible] destinies which makes sometimes no[illegible] reading. His second volume w[illegible] certainly insist on the whole panopl[illegible] the crimes of Nazi Germany and o[illegible] "ontological" situation of the victi[illegible] an almost unbearable task for [illegible] whose whole life has been marke[illegible] them.

The third book under rev[illegible] belongs to a quite different categor[illegible] in content and in form. John Luk[illegible] study is neither on the Holocaust [illegible] on the Third Reich (even though [illegible] are not totally absent) nor is it [illegible] biography on Hitler, it is an atte[illegible] analyse the historiography o[illegible] strange man who has de[illegible] marked the twentieth centur[illegible] author rejects historical conceptio[illegible] and pleades for history books wri[illegible] simple language. It seems to hi[illegible] non professional historians [illegible] journalists or non academic ones [illegible] better in explaining the real pro[illegible] than university professors [illegible] he is one. His writing is more infl[illegible] by a traditional Anglo-Saxon [illegible] style than by academic jargon. He [illegible] on personal views which drive [illegible] historical work. This is certainly tr[illegible] him which may be partially due [illegible] fact that he [illegible] as he explains in o[illegible] his other books (*The End of the Twen[illegible] Century and the End of Modern Age* [illegible] York Ticknor & Fields, 1993) [illegible] Hungarian American or an Americ[illegible]

Hungarian, who left his country in [illegible]946, at the age of 22 years

In his historiographical overview, Lukacs examines in nine chapters the questions and problems raised, but not always satisfactorily answered or resolved, in the literature on Hitler. The first one is devoted to historical problems and to the discussion of arguments from different authors. The second chapter is devoted to the crystallisation of Hitler's ideology. Here the author distinguishes between milestones and turning points: a milestone is a visible [illegible] whereas a turning point takes place [illegible] a person's mind [illegible] Lukacs sees [illegible] turning points in Hitler's life [illegible] when he [illegible] [illegible] when he [illegible] to [illegible] after the [illegible] and return in [illegible] 1924 when he was released [illegible] At that time he [illegible] [illegible] possessed [illegible] [illegible] power [illegible] [illegible] but then democratic abilities [illegible] achieve power [illegible] Germans [illegible] revolution that appealed [illegible] aggregation of people [illegible] them through a political and [illegible] and respectable process [illegible] for him, it was in Munich [illegible] Hitler's worldview was [illegible] One can agree with Lukacs [illegible] point, but not with his [illegible] of Hitler's "democratic" and [illegible] legal" abilities and intentions [illegible] only a tactical move and in no [illegible] an approval of the Weimar [illegible] system. A new turning point came in 1938 that lead "to a catastrophe [illegible] his catastrophe". The last occurred in November 1941 (more accurate is December), when Hitler realised that he could no longer win *his* war in *his* way (p. 75).

The third chapter is entitled, "Reactionary and or Revolutionary?" No doubt, the *Führer* was a *revolutionary*, and a *populist*. Lukacs underlines that Hitler's domestic achievements during the first six years of his regime "*were* extraordinary. The thirties, after 1933, were sunny years for most Germans something that remained in the memories of an entire generation among them" (p. 95-96). These sentences may shock partisans of political correctness. There is nevertheless a good deal of truth in them and even a kind of confirmation of Goldhagen's view on German political culture, even though Lukacs never mentions him, with the reservation that there was not only a lack of empathy for the fate of Jews, but also for that of the communists, social democrats, the gypsies and other marginals of the society. More problematic is the author's remark that the conjunction of nationalism and socialism "would prove to be the dominant political configuration throughout the world". Yet Lukacs explains that this doesn't mean the same relationship with that of Hitler's Germany, which was *sui generis* (p. 104, 105).

"State, People, Race, Nation" (p. 113, 127) are the subject of the fourth chapter. It starts with a discussion of the

concept of totalitarianism For Lukacs Nazi Germany was more a police state than a totalitarian system It was less interested in potential opponents with the exception of the Jews -- than in actual opposition But this is only true at the beginning, for the Gestapo very quickly established a police machine intended not only for observation but also for prevention Nonetheless he was right in maintaining that, in comparison with the Soviet Union, 'there was more individual and even political freedom in National Socialist Germany (p 114)

It is a well-known fact that for Hitler the *volk* (people) was more important than the State The latter was only a means to the end However it is not quite clear what Hitler understood by "people" It was not the same as the race, because it enclosed several racial kernels In any event, the *Fuhrer*'s concept of the 'people' was also less concerned with the elite, and the intellectual, whom he despised It was the worker, and the lower middle class that he preferred He was essentially a "nationalist" And his nationalism was based on cultural, linguistic and even religious elements

The next chapter deals with Hitler as a statesman and strategist It seems to Lukacs that his qualities in this domain were underrated by most historians and underestimated by his opponents 'Yet' Lukacs argues, 'he proved to be an alarmingly effective statesman not only in peace but also in war — and an often alarmingly successful strategist' (p 134). But this is really not so H[illegible] succeeded in the thirties as a statesm[illegible] because of the weakness of his advers[illegible] and because he intuitively seized [illegible] opportunities for taking advantage [illegible] unexpected situations But unli[ke] Bismarck, he never stopped at the r[ight] moment because he was never sure [illegible] And this was even more true in the [illegible] of strategy He was unable to grasp [illegible] limitations of his means compared [illegible] his ends He was too impatient [illegible] because he feared he would not live [illegible] enough to create the necessary b[illegible] his far reaching plans, or maybe b[illegible] he feared [illegible] rightly so [illegible] that [illegible] would play in favour of his enemies [illegible] also believed [illegible] quite irrationally [illegible] a miracle would happen [illegible] during the Seven Year War [illegible] seventeenth century for [illegible] Frederick the Great ignoring th[illegible] that the circumstances were not th[illegible] as in the dynastic wars and [illegible] coalition of the Allies would [illegible] disintegrate after his disappearance [illegible] he really loved his people and ha[d] been a great statesman or strateg[ist] would have cleared the way [illegible] successor Obsessed by the [illegible] Germany as a world power and [illegible] hatred for the Jews he discarded [illegible] reality

Chapter six treats of the '[illegible] and Mystery' of the Jews For [illegible] reviewer, it has no real interest compa[red] to the publications of Goldhagen [illegible] Friedlander Chapter seven is entitle[d] "The Germans Chapter or Episode [illegible]

and practical levels. The study is more or less similar to *A Handbook of Confidence Building Measures*, published by the Henry L. Stimson Center, Washington DC, but its scope is somewhat broad since it also includes the possible role of South Asian parliamentarians in resolving regional conflicts. The handbook is divided into two parts: part one concentrates on the general process of conflict resolution, and part two deals with conflict situations and peace-making efforts in South Asia. The first two chapters of the book explain various terms and concepts, particularly negotiations and mediation, the two terms frequently applied in the conflict resolution process. Chapter three explains the concept of conflict resolution workshops, namely the initiatives taken at the governmental and non-governmental levels, offering several guidelines on how to organise workshops, their agendas and other formalities (p 22). Chapter four, five, six and seven focus on the Maldives workshop, with details about the experiences gained and the lessons learned from such an exercise. Chapter eight and nine provide information on conflicts and peace-making efforts in South Asia including a list of resolved and unresolved conflicts in the region, and a list of conflict resolution projects on South Asia launched by non-governmental organisations in the 1990s. The last chapter covers the proposal for a non-legislative South Asian Parliament prepared by Javed Jabbar, a for[illegible] Federal Minister of Pakistan.

The author claims that the handbook will serve a multidimensional pu[illegible] because

1. it will benefit peoples' represe[illegible] in South Asia giving the backg[illegible] of democratic revival in th[illegible]
2. it is aimed at those politicians who wish to participate in the resolution process; and
3. it provides a few tips to th[illegible] may have the political will [illegible] the know how to resolve [illegible]

Washeem's study fills a wide g[illegible] exists in professional expertise [illegible] in the field of conflict resolution [illegible] Asia. It surveys is carried out [illegible] indigenous work done on [illegible] resolution in South Asia [illegible] many studies. The author argues although conflict is an old phenom[illegible] conflict resolution as a scientific [illegible] of understanding and resolving [illegible] between ethnic groups, religion and nations is new. The origin of conflict resolution is a field [illegible] and research in South Asia [illegible] essential that scholars and expert[illegible] this region conduct serious studie[illegible] could produce indigenous ide[illegible] concepts about the nature of con[illegible] and the methodology of managing resolving conflicts in a conflict [illegible] region like South Asia.

A Handbook For Conflict Reso[illegible] In South Asia can be of immense use [illegible] those policy-oriented research think tanks

of civil society to civilize and manage the state in the interests of the majority promises to be an enduring and prolonged battle, even the *leitmotif* of the twenty-first century. The volume under review portrays different aspects of this complex social process in today's Asia and Africa. It also pinpoints the faultlines — lack of inter-connectedness, and continuity, dependence on leadership by charismatic personalities ... in these struggles to show that their success will be slow, if not uncertain.

While the volume focuses on the inequities of development, it is not able to devote equal attention to the reasons for insufficient development. The radical and the neo-liberal critiques blame the state for too little development although for different reasons. While making a note of convergences in the radical and the neo-liberal critiques, the authors fail to emphasise the logical conclusion ... that greater development requires civil society and the market to be more productive for and accessible to all consumers. Rational and moderate consumerism provides the missing link in the chain connecting the use of Nature, Human Civilisation through benevolent cycles of increasing sustainable development. In this sense, the book does not acknowledge the role played by Third World elites in promoting some beneficial development in the Third World.

THE WEB OF LIFE

Fritjof Capra
London: Harper Collins, 1997
pp 320

J. C. KAPUR

Fritjof Capra has made an impo[illegible] contribution in challenging conventional mechanistic view of world based on the thinking of Des[illegible], Newton and Bacon. His book *T[illegible] Of Physics* w[illegible] path-brea[illegible] projecting new conventions of [illegible] and inspiring profound changes [illegible] world view toward a holistic [illegible] view. The revolutionary shift [illegible] established position [illegible] dictation, not only [illegible] in the social [illegible]. The trad[illegible] accepted concept [illegible] the universe was made of [illegible] blocks and that [illegible] machine were [illegible] ecological paradigm [illegible] world is not perceived [illegible] isolated entities [illegible] fundamentally [illegible] interdependent [illegible] beings is just one strand in the [illegible] life.

In his recent book *The Web [illegible]* Capra provides a brilliant synthe[illegible] the most recent breakthroughs [illegible] theories of complexity and chaos [illegible] the explanation regarding propert[illegible] organism, social and eco system [illegible] many ways, this brings us closer [illegible] answer to the question as to what is [illegible]

of life and the unrestrained acquisition of its bounty. Consequently, greenhouse gases and nuclear wastes are polluting the entire environment, threatening the life support system on this planet.

All ecological system fluctuations take place within tolerant limits. There is always a danger that the whole system will collapse when fluctuations take place beyond these limits. So, unrestrained consumerist styles of life and human survival are rapidly becoming a contradiction in terms. By a lack of understanding of the phenomenon of adding carbon and other wastes beyond the capacity of the eco-system to recycle, we are enacting a tragedy of vast magnitude.

RESEARCH IN POLITICAL ECONOMY, VOL 15, 1996 LATEST DEVELOPMENTS IN MARXIST THEORY

(Eds) Paul Zarembka and Ajit Sinha
London Greenwich Connecticut Jai Press Inc
pp viii + 314

K SESHADRI

As the sub-title of the book suggests this is a collection of articles on the latest development in Marxist theory, covering a wide spectrum of themes from a Marxist point of view. Nine articles deal with various subjects like class analysis, technical change, race, Lenin's Russia, Kalecki, Maurice Dobb and post-Keynesianism; another part deals with what the publishers have called the Str[illegible] Tradition in four articles. At the out[illegible] it may be mentioned that such disp[illegible] articles elude the grasp of any rev[illegible] which necessarily is constrained by [illegible] limitations of space. Since each art[illegible] an independent unit both themati[illegible] and also according to its sub-disci[illegible] the constraint becomes more formid[illegible] since the editors do not even [illegible] suitable introduction that might [illegible] provided a connecting thread.

After the collapse of the S[illegible] Union the requiem mass for Mar[illegible] was conducted but as Mark Twa[illegible] about the news of his dea[illegible] announcement was too prem[illegible] Marxism has risen like a phoenix [illegible] the ashes and has asserted its pla[illegible] domain of thought though we [illegible] not yet know how this thought [illegible] translated into action. All the essa[illegible] a profound analysis of various asp[illegible] Marxism but none seem to [illegible] to change the world especially [illegible] attempt by Lenin to do [illegible] about seventy years [illegible] to make the post mortem [illegible]

Mere class analysis which is th[illegible] plank of Marxism of the classical [illegible] is not the sole determinant of the [illegible] of history though it is the fulcrum [illegible] operates the non class factors [illegible] movement of society. Marxists ha[illegible] given adequate attention to factors wh[illegible] are outside the pale of class and wh[illegible] they thought were superficial. Bu[illegible] developments in the post war peri[illegible] have sensitised many Marxists [illegible]

and perform the administrative functions of the state' (p185). Over-enthusiastic champions of empowerment of illiterate and unskilled people in Indian politics, who would like to perch them in positions of power for populistic intentions, should take note.

Ajit Sinha points out certain contradictions in his 'revisit to the value controversy'. After examining other classical economists like Malthus, Ricardo and Adam Smith, he maintains that the problems of allocation of social labour and the problem of surplus production keep crossing each other, and one has to start his study after first fixing which problematic is dominant in the theoretical structure, since each path will lead to its own conclusions. He observes that though Marx started with the problem of allocation of labour, in the end this conflicts with his conclusion in the later part of the book. Sinha thinks that value is to be seen in the context of surplus.

A few essays on Sraffa and Kalecki hang to the main body of the book like the sixth finger. They focus on the recent thoughts of economists who were not Marxist but did think in consonance and conflict with Marx, and so deserve more academic attention than is generally given to them.

All the theoretical frontiers of Marxism have been pushed forward and a very strong plea has been made to see Marx's relevance even in this age, with arguments forwarded to show how Marxism is relevant. However, the nagging feeling is that, while in theory and for academics this is a good exercise, how can we incorporate these complexities in societal changes, scientific changes and economic changes into an internally consistent guide to the [illegible] Marxist action, namely to change [illegible] world.

This collection of essays is [illegible] significant in view of the pro[illegible] changes that are taking place in the [illegible] of mind boggling scientific and [illegible] mutations challenging the capacity [illegible] politicians, statesmen and economists [illegible] manipulate and bring about [illegible] order free from exploitation [illegible] discrimination which was the dream [illegible] Marx and Engels. They thought [illegible] specialisation would lose its impo[illegible] but the contrary is happening. [illegible] collection which must be read [illegible] those who would like to understand [illegible] Marx would have [illegible] tremendous changes which [illegible] contemplated in precise terms.

THE INSIDER

P V Narasimha Rao
New Delhi: Viking, 1998
pp [illegible]

MARY C CARRAS

PV Narasimha Rao has performed [illegible] signal service for his country [illegible] exposing the tragic flaws of the Indi[illegible]

this section is the story of Anand's *involvement in the movement against* the "Khadimaan" paramilitary force employed by the royal ruler of the state to suppress those who seek to overthrow him. It is a struggle that continues after the successful nationalist struggle against British rule. (The real life equivalent of this royal force would be the Razakars who fought on behalf of the Nizam of Hyderabad — now Naampalli.)

Section II deals largely with state politics in Afrozabad and introduces most of the important characters who figure prominently in Anand's political and personal life. These tend to be painted in black and white, as is Anand's idealised image. We ought not to conclude that Anand is the author's 'twin' or that the other stereotypes reflect poor writing style. Rather, we can look at these figures as symbolic of either special interests or ideological groups. Rao seems to have constructed his characters in stark colours in order to frame a political debate around them. Thus we meet the destroyer, the opportunist, the predator, the extortionist, the greedy and so on. And there is Anand, the man of integrity, idealism, and brilliance whose principal ambition is to serve the people. The most significant figure in this section is Aruna; she provides the love interest which invariably commands the reader's attention in any novel, historical or otherwise. In this case, however, Aruna's character is most effective as a device through which Anand (and Rao) confides partly to Aruna and partly to the reader his most intimate thoughts about politics, his ideas and ideals, his feelings and his anguish during his political travails. The exchanges between politicians, or between Anand and other figures in the narrative, bring to mind very sophisticated Socratic dialogue. The novel format seems but a framework to capture the reader's attention.

In the third section Rao introduces the subject of land reforms. It remains a central issue around which Anand's character and actions are portrayed: a thinking Indian, an idealist, a politician, a government official. There is [illegible] message that Rao wants to convey to his readers [illegible] sympathisers or critics [illegible] encompassed in the debate [illegible] subject which continues until [illegible]

Section III also deals with [illegible] period. [illegible] common problem [illegible] troublesome [illegible] Nehru [illegible] power [illegible]. In the last two years of [illegible] to Nehru [illegible] loyalty to Nehru [illegible] to his family. We also meet [illegible] later sections India's villagers [illegible] the poor, the powerless [illegible] the totem pole of power [illegible] roots. They are depicted [illegible] understood and maligned [illegible] unintelligent simpletons. In fact [illegible] in Anand's mind complex [illegible] intelligent even if uneducated, politically knowledgeable, crafty survivors [illegible] and, sadly, victims [illegible] overwhelming majority are untutored

landless peasants. Will Indira Gandhi live up to her miraculous slogan of *garibi hatao* (banish poverty)? Or would she use her victory in Bangladesh and her "socialism" to get and keep power? Anand is now persuaded that power is indeed her main goal, especially after she sacks most of the chief ministers who had served her loyally and strengthened the base of the party. One by one, they are replaced with "her" chief ministers, and he himself is thus anointed. Still, he cannot believe she wants power as an end in itself. If not, then towards what end?

After reflecting on such questions Anand begins to develop a theory about Indira Gandhi and her motivations. While he cannot deny that she seeks absolute power, he is persuaded that she does not seek it as an end in itself. It seems clear that the existing system is failing to redistribute wealth portending disastrous consequences, as forecast by the Naxalite character. Therefore, change is absolutely necessary, and Indira Gandhi represents change. It is needed, above all, at the state level; under the constitution, agriculture is a state subject. Hence, the Chief Ministers of the Old Guard had to go. Still he wonders, what if he is wrong? "What would become of Anand the dreamer, of Anand the confirmed socialist, of Anand the unselfish altruist and servant of people?" He agonises over these musings because, although he supports her in public, in his innermost heart he cannot but wonder whether the country and the people would suffer if she were not the romanticised leader he had fashioned [illegible] his mind.

But he has an opportunity to [illegible] his theory once he becomes [illegible] minister. He hits upon an ingenious p[illegible] for land reforms. It is designed to [illegible] the Gordian knot of the probl[illegible] *implementation* over the determ[illegible] opposition of the landlords and the [illegible] bureaucratic interests. He outlines [illegible] in his closing chapter which is [illegible] instructive and amusing.

We meet throughout this [illegible] work a whole spectrum of rascals fr[illegible] the most cruel to the most pett[illegible] lies are concocted against oppo[illegible] concocted lies and an elaborate management theory is constantly [illegible] refined. Almost anything and every[illegible] can be bought, sold and or discred[illegible] One wonders how an honest pers[illegible] function in a system that is [illegible] through and through with corru[illegible] nepotism and womanising. W[illegible] "suitcases" (filled with corrupt m[illegible] cancel out other suitcases, wh[illegible] cancel out opponents' lies [illegible] "loyalties" are easily traded at the [illegible] price. Anand correctly observes tha[illegible] practices serve mainly to cloud the issues at stake.

How, then, can the reader [illegible] actor ever be sure of the truth or [illegible] All is "maya" or illusion. Therefore [illegible] virtually impossible to base one's act[illegible] on a rational foundation. How can o[illegible] assess what the "real" situation is if one's perceptions are faulty? Appearances m[illegible] well be the opposite of reality. [illegible] like

its neighbours, and only after it has built a domestic consensus, is it possible for a nation to make an impact globally

The publication also mirrors the dimension of the author For the contents of the book as well as his performance as foreign minister give us a good idea of the knowledge and sophistication he acquired, and the nuanced behaviour he cultivated through the years in international affairs -- undoubtedly important characteristics required for a good and successful foreign minister.

A Foreign Policy For India is certainly a useful publication for those interested in India's external relations It is informative, wide-ranging and meritoriously clear But, it would have gained an added value had Gujral written a synthetic introduction or conclusion — always very useful in publications that are far-ranging and diverse

NOTED BRIEFLY

CHINA IN THE TWENTY FIRST CENTURY

[illegible] Tokyo/New York United Nations [illegible] Press 1997, pp 287

Professor of Marketing and Dean of the School of International Politics at [illegible] Gakuin University in Tokyo, [illegible] Itoh has produced a remarkable book on China. A product of a conference [illegible] in 1994, a number of scholars [illegible]sented a very comprehensive view of [illegible], its economy, its external policies.

The exchange of views between [illegible] and other participants on a wide [illegible] of subjects, including human rights [illegible] was free and frank [illegible] that would have been hardly [illegible] during the Maoist years, and [illegible] years ago. A very fine picture [illegible]

[illegible] ETIENNE

THE CHALLENGE IN KASHMIR, DEMOCRACY, SELF-DETERMINATION AND JUST PEACE

[illegible] New Delhi Sage Publications 1997

Bose, who is a research Fellow at Columbia University, presents a detailed [illegible] of the Kashmir issue, and the [illegible] of violence since the end of [illegible]989, in a clear and unbiased manner. Bose insists on the need to rebuild confidence in the Valley through the establishment of a real democratic government. This, in his view, has become particularly important at a time when militants are showing signs of weakness. For research material, Bose combined written sources with excellent field studies, on-the-spot visits and interviews: undoubtedly a significant contribution to our understanding of Kashmir.

GILBERT ETIENNE

THE REPUBLIC OF CHINA YEAR BOOK 1997

[illegible] Government Information Office Republic of China 1997 pp 834

This is an official publication of the Republic of China (Taiwan). Published annually, it is encyclopedic in information covering all the major aspects of Taiwanese life, including its politics, history, political parties, economy, tourism, etc. Undoubtedly it is an excellent reference book, and would be very useful to those who want to familiarise themselves with Taiwan. Almost half the publication is devoted to Who's Who in Taiwan and to nine appendices that include the country's constitution, a directory of Taiwan's Representatives abroad, a list of national popular holidays, etc.

HARISH KAPUR

Sundram Fasteners has been given the 'Supplier of the year 1996' award by General Motors.

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Consistently You can't get more reliable than that Perhaps why General M[illegible] worldwide chose us, along with a measured few from over 30 000 suppliers for the 'Supplier of the year' award 1996 The first ever Indian company to receive this [illegible] Supplying radiator caps for every single vehicle that rolled out of General Motors America, at an incredible 'zero defect parts per million Some call it excellence Some call it perfection But to our business associates there's only one word to describe us Reliable

ASEM 2
The Second Asia-Europe Meeting
London, 3-4 April 1998

Chairman's Statement
London, Saturday 4 April 1998

INTRODUCTION

1 The Second Asia-Europe Meeting (ASEM 2) was held in London on 3-4 April 1998. It was attended by Heads of State and Government from ten Asian and fifteen European nations and the President of the European Commission under the Chairmanship of the Prime Minister of the United Kingdom of Great Britain and Northern Ireland acting also as President of the Council of the European Union. Leaders were accompanied by their Foreign Ministers, members of the European commission and other Ministers.

2 Leaders recalled their first Summit in Bangkok on 1-2 March 1996 (ASEM 1) when they resolved to build on the success of that Meeting by convening again in London in 1998 and in Seoul in 2000. They reviewed with satisfaction the progress made since their first Meeting in strengthening links between Asia and Europe. They reaffirmed, in a highly inter-dependent world, the role of ASEM in reinforcing the partnership between Europe and Asia in the political, economic, cultural and other areas of cooperation.

3 Drawing on the conclusions of the inaugural Bangkok summit and consistent with the agreed Asia-Europe Cooperation Framework Paper, Leaders confirmed that the ASEM process should

- be conducted on a basis of equal partnership, mutual respect and mutual benefit;
- be an open and evolutionary process, enlargement should be conducted on the basis of consensus by the Heads of State and Government,
- enhance mutual understanding and awareness through a process of dialogue and lead to cooperation on the identification of priorities for concerted and supportive action,
- carry forward the three key dimensions with the same impetus: fostering political dialogue, reinforcing economic cooperation and promoting cooperation in other areas;

is an informal process, ASEM need not be institutionalised It should stimulate and facilitate progress in other fora; go beyond governments in order to promote dialogue and cooperation between the business/private sectors of the two regions and, no less importantly, between the peoples of the two regions, ASEM should also encourage the cooperative activities of think tanks and research groups of both regions

With this in mind Leaders also welcomed the discussions at the Meetings of Foreign, Economic and Finance Ministers

DEVELOPMENTS IN THE TWO REGIONS

- Leaders attached high importance to remedying the financial and economic situation in Asia and reaffirmed their commitment to working together to address this global concern To this end, a separate statement has been issued on the financial and economic situation in Asia which contains ideas and concrete initiatives on this matter

Leaders discussed the progress made towards achieving European Economic and Monetary Union (EMU) as well as the launching of a European Union enlargement process They noted the EU's firm intention that this would not lead to an inward looking approach They expected that the successful introduction of the Euro would contribute to growth and stability of both Europe and the rest of the world

Leaders recognised the growing interdependence of the economies and economic policies of the ASEM countries and agreed on the importance of deepening dialogue and cooperation between Asia and Europe In this context, they welcomed the strengthened dialogue among the Finance Ministers and their Deputies on macro economic and financial issues including the opportunities and challenges presented by the introduction of the euro

Leaders noted that ASEAN celebrated its 30th Anniversary in 1997 by moving closer towards achieving the goal of embracing all nations in Southeast Asia ("ASEAN 10") with the admission of two new members They welcomed the positive role played by ASEAN, with the cooperation of all its Dialogue Partners, in enhancing regional peace and stability, growth and social progress.

- Leaders noted the outcome of the informal ASEAN Summit held in Kuala Lumpur in December 1997, including the adoption of the ASEAN Vision 2020. Leaders also noted the outcome of the informal meetings between leaders of ASEAN and the leaders of China, Japan and the Republic of Korea which have contributed to closer dialogue and cooperation within the region.

FOSTERING POLITICAL DIALOGUE

9. Leaders noted that the first meeting of ASEM Foreign Ministers in Singap in February and subsequent meetings of Senior Officials has been the occa for useful discussions of regional and international issues of common inte and had contributed to the enhancement of understanding and friends through a comprehensive political dialogue guided by the principles laid do by Leaders in Bangkok in 1996 and reflected in the paragraphs 5,6, and 7 of Bangkok Chairman's Statement

- Leaders noted with approval the expansion of Asia-Europe dialogue general security issues The ASEAN Regional Forum has carved an impor role for itself in the discussion of regional security issues, and Leaders welcom the substantial work already accomplished on confidence building measures Th looked forward to the ASEAN Post Ministerial Conference in Manila in la

- Leaders confirmed their resolve to pursue global political issues They welcom progress achieved already in work to promote effective UN institutio reform, with particular reference to the Secretary General's Track II refor package and reaffirmed their continued commitment to cooperate in promo reform with a view to reinforcing its pre eminent role in maintaining promoting international peace and security and sustainable developm Leaders took note of recent positive developments in the spheres of control, disarmament and non-proliferation, including the entry into forc the Chemical Weapons convention and the opening for signature of Comprehensive Test Ban Treaty They underlined the importance strengthening global initiatives on arms control disarmament and proliferation of weapons of mass-destruction and their negotiations on me to strengthen the Biological and Toxin Weapons Convention, an early sta negotiations in the conference on Disarmament on a fissile material cut off the basis of the agreed mandate and the early entry into force of and prog towards the goals stated in the Comprehensive Test Ban Treaty

- Leaders confirmed their commitment to pursue a more secure and sta international environment In an increasingly inter-dependent world wh regional problems could have world-wide impact, members of the internat community are required to tackle those problems jointly From this standpo Leaders discussed regional and international issues of common interest such the situation in Cambodia, the Korean peninsula, in Bosnia and Kosovo, a enlargement of the EU. They expressed their opposition to all forms of racis

and xenophobia, and agreed to intensify their efforts to contribute to peace, stability and prosperity through cooperation between Asia and Europe.

REINFORCING ECONOMIC COOPERATION

10 Leaders noted with satisfaction the substantial progress made since Bangkok in the furtherance of ASEM cooperation in the economic field, which forms the basis for a strong partnership between Asia and Europe. They welcomed various initiatives agreed at the first economic Ministers' Meeting in Makuhari. They looked forward to the early implementation of the Investment Promotion Action Plan (IPAP), and of the Trade Facilitation Action Plan (TFAP), now adopted, and asked Economic Ministers to supervise the implementation closely, recognising the economic diversity within and between Asia and Europe. Leaders also recognised the important role of investment in promoting growth in the two regions, and recalled the importance of programmes designed to promote two-way trade and investment between ASEM partners. They encouraged business to play an active part in the restoration of economic confidence and growth in the affected Asian countries, and to maintain and extend business investment activities in both regions. They welcomed all measures and initiatives designed to stimulate and facilitate two-way trade and investment flows.

Leaders emphasised the important contribution that increased trade and investment based on open markets and firm adherence to applicable international rules could make to the early restoration of broad-based economic growth in the Asian region, as evidenced by the important achievements in the growth of the world economy which the development of the multilateral trading system had made possible over the past fifty years. They agreed to strengthen further the World Trade Organisation as the main forum for negotiation and to provide the means for further global liberalisation of trade within the multilateral framework. In this regard, they reaffirmed the importance of fully implementing all existing WTO commitments, including through fulfilment of the built-in agenda according to agreed timetables, and underlined their willingness to cooperate in making the WTO Ministerial Conference in Geneva this year a success, and to prepare an agenda for the next Ministerial Conference with a view to pursuing further trade liberalisation.

Leaders agreed that it was essential in a highly integrated world economy that all trading nations were Members of the WTO. They stressed that full

participation in the WTO by ASEM partners will strengthen the organisation, and undertook to step up efforts in that direction with a view to obtaining an early accession of these nations to the WTO on the basis of congruous market access commitments and adherence to the WTO rules.

13. Leaders reaffirmed the important role of the business/private sector strengthening economic linkages between Asia and Europe, and acknowledged the particular contribution made to this process by the Asia-Europe Business Forum since its inaugural meeting in Paris in October, 1996. Noting with satisfaction the evidence of deepening business/private sector engagement in the ASEM process provided by the second Business Forum in Bangkok, the Leaders welcomed the opportunity afforded by the third Business Forum in London, both to build on the success of the Paris and Bangkok meetings and for the first time to bring ASEM Leaders and senior business representatives into direct dialogue. They expressed the need for the AEBF to continue the momentum of business-to-business exchanges created by the Asia-Europe Business Conference in Jakarta in 1997. Acknowledging the special needs of small and medium-sized enterprises, Leaders looked forward to the Asia-Europe SME Conference to be held in Naples in May 1998 and further initiatives designed to foster full participation of SMEs in the ASEM process.

14. Since science and technology has increasingly become the key factor and chief engine for economic growth, and there is enormous potential for mutually-beneficial cooperation between Asia and Europe, Leaders noted various follow-up activities in this field and called for further efforts to strengthen technological cooperation between Asia and Europe. In this connection, a possible meeting of ministers for Science and Technology was discussed by Leaders.

14bis. Leaders further agreed that they should do more, collectively, to enlarge understanding of the consequences of the present crisis, including sending high-level business missions to the region for the purpose of encouraging investment. They underlined the importance of generating global confidence in the future of Asia's economies.

PROMOTING COOPERATION ON GLOBAL ISSUES

15. Leaders reiterated the importance which they attached to enhancing the ASEM dialogue on global issues such as human resource development, including management education, the fight against poverty, food supply, improvement

of community health, employment, protection of the environment and promotion of sustainable development, and the fight against drugs and international crime and promotion of the welfare of women and children. They welcomed a series of new initiatives proposed in these areas. In this respect Leaders supported International Development Cooperation Targets including those agreed in various UN conferences, in particular the target to reduce by one half the proportion of people living in extreme poverty by the year 2015, as the basis for a collaborative international effort to eliminate poverty and to improve the living conditions of poor people.

16. Recalling the critical challenge posed by climate change, Leaders welcomed the Kyoto Protocol as an important step forward. They underlined the need for rapid follow-up in preparation for the Buenos Aires Conference in November 1998.

17. Leaders agreed that addressing the issue of money laundering will contribute to transparency of the financial system and to efforts to combat drug trafficking and organised crime by attacking criminal assets. The development of policies against money laundering has been helped by the FATF's 40 recommendations which are now an internationally accepted standard. They looked forward to enhanced cooperation between Europe and Asia in this area, including exchanges of experts and a joint study on organised crime's links with Asian and Western financial markets. They asked Finance Ministers to encourage this cooperation and review progress at their next meeting.

18. Leaders highlighted the importance of international cooperation to ensure that computer systems are millennium compliant particularly in sectors where system failures arising from the Y2K problem could cause social and economic dislocation.

PROMOTING COOPERATION IN SOCIAL AND CULTURAL ISSUES

19. Leaders affirmed the importance they attached to developing initiatives in the cultural and social fields in order to diversify further Asia-Europe Cooperation. They agreed that these initiatives should respond to and encourage the wide interest in strengthening links between the two regions shown by the public, think-tanks, research groups, universities and all sectors of society generally, thereby promoting the human dimension in ASEM.

20. Leaders welcomed the establishment of the Asia-Europe Foundation, and commended its work in promoting people-to-people contacts and enhanced

intellectual and cultural exchange between the two regions. They welcomed the Foundation's initiatives such as the first Asia-Europe Young Leaders Symposium, co-sponsored with Japan; the Editors' Roundtable in Luxembourg the Cultural Forum in Paris; the Asia-Europe Lecture series; the first Europe Asia Forum in Singapore; the launching of an ASEF website; the programme of cultural and arts events which will be held around ASEM 2. Leaders reaffirmed their support for the Foundation and recommended to their national Institutions, Foundations, Corporations and other relevant non-governmental organisations that they cooperate with the Foundation.

TAKING FORWARD THE ASEM PROCESS

21. Building on the conclusions of ASEM 1 held in Bangkok, Leaders
 decided that discussions should continue on the timing and modalities concerning expansion of membership
 commissioned an Asia-Europe Vision Group to develop a medium to long term vision to help guide the ASEM process into the 21st century Leaders noted that the Vision Group will hold its first meeting in Cambridge on 6 April 1998 and will submit its report to Foreign Ministers in 1999, then to ASEM 3 alongwith the Ministers' views on its recommendations,
 adopted an Asia-Europe Cooperation Framework (AECF) to guide, focus and coordinate ASEM activities in political dialogue, the economic and financial fields and other areas,
 adopted a Trade Facilitation Action Plan (TFAP) and an Investment Promotion Action Plan (IPAP), including the establishment of an Investment Experts Group (IEG),
 launched an Asia-Europe Environment Technology Centre to be located in Thailand,
 emphasised the importance of continued work to develop policies and measures for cooperation in the other relevant fields such as infrastructure development, energy and the environmental sector with the objective of promoting sustainable economic growth,
 welcomed the holding of further Asia-Europe Young Leaders Symposia in Baden/Vienna, Austria on 24-29 May 1998 and in the Republic of Korea in 1999 and Business Fora in Korea in 1999, in Austria in 2000 and in Singapore in 2001,
 welcomed the establishment of the Asia-Europe Centre at the University of Malaya, Kuala Lumpur, Malaysia and took note of the intention to upgrade it to an Asia-Europe University,

- took note of a report on the Trans-Asian railway network project coordinated by Malaysia.

22 Taking forward cooperation on major themes identified at ASEM 1 in Bangkok and in line with the priorities outlined in the Asia-Europe Cooperation Framework, Leaders endorsed new initiatives to:

- hold an Asia-Europe Small and Medium-sized Enterprise Conference in Naples on 28-30 May 1998,
- establish the ASEM Connect Electronic resource network for SMEs,
- promote the welfare of children A meeting of experts in the UK in October 1998 will develop practical cooperation on child welfare issues, including the fight against commercial sexual exploitation of children,
- cooperate in combating illicit drugs, in particular to prevent the diversion of precursor chemicals and to support and encourage action against synthetic drugs,
- enhance and expand educational links in order to enable young people of the two regions to work together on common problems and projects as demonstrated by the pilot project involving young people in vocational training in schools in ASEM countries,
- strengthen cooperation on environmental issues with particular emphasis on fresh water, forestry, climate change and sustainable development — including follow up and implementation of the Rio Agreements, of Agenda 21, the Framework conventions on biodiversity and climate change including follow-up to the outcome of the Kyoto Conference, and the Statement of Principles on Forests,
- take forward work in cooperation on environmental disaster preparedness including both short and long-term programmes, such as DIPECHO, to strengthen environmental disaster management capacities in Southeast Asia to enable countries to cope better with the threats posed by disasters affecting the natural environment including forest

[illegible]d took note of the following new activities and encouraged their further [illegible]velopment within the context of the Asia-Europe Cooperation Framework.

- protecting and promoting cultural heritage in ASEM countries, building on the conference/seminar to be held in London in May 1998 An ad hoc working group will meet in Vietnam in the autumn of 1998 to draft a relevant plan of action for the effective implementation of this initiative from 1999 onwards,
- holding of a seminar on the roles of the State and the market in Copenhagen before the Foreign Ministers' Meeting in 1999,

- promoting cooperation in information technology and telecommuni between Asia and Europe for better understanding and mutual benefits t setting up of an Asia-Europe Information Technology and Telecommun. Programme (AEITTP) to be coordinated by Thailand,
- cooperation in improving community health care. A seminar of ex Vietnam in the third quarter of 1998 will discuss Asia-Europe cooper combining traditional and modern medicine and treatment for com health care,
- establishing a network of megacities of ASEM Partners to exchange information and experience as well as to extend technical coopera support the sustainable development of these megacities To this end, t Asia Europe Forum of Governors of Cities (AEFGC) will be held in T in 1999. This initiative as well as Singapore's initiative in convening a Conference on Model cities in 1999 would contribute to the success World Conference on Sustainable Urban Development which would l in Berlin in the year 2000,
- The establishment of ASEM Education hubs to encourage more ac exchanges between students of Asian and European universities,
- promoting exchange of views and cooperation on the issue of sust agriculture through the setting up of an Asia-Europe Agricultural (AEAF),
- the proposal from the Bangkok Business Forum for the establishment , appropriate, of SME centres,
- establishing an Asia-Europe Management programme at the Asian Insti Management,
- a Seminar on Labour Relations to be held in The Hague in October 199 to back with the ASEF Board of Governors' meeting at the time,
- the holding of a Seminar in the Philippines on "peace and society buildi areas that have been going through crisis and turmoil and whose develo is the linchpin of efforts to maintain peace.

TOWARDS ASEM 3 AND BEYOND

23. Leaders confirmed their intention to meet again at ASEM 3 in Seo Republic of Korea, in 2000, and decided to hold the Fourth ASEM in E in 2002. They noted that Foreign, Economic and Finance Ministers meet in Germany in 1999 before ASEM 3.

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LETTER FROM THE EXECUTIVE EDITOR

This issue is devoted to an array of crises — crises linked to the nuclear weaponisation of South Asia, to the financial turbulences in Southeast Asia, to the continuous aggravation of North-South dichotomy, and to the structural quandary of the United Nations system.

The nuclear option taken by India and Pakistan has created a new situation on the subcontinent. Some consider this as a stablising factor since it would now deter the two countries from taking any military initiative out of fear that it may explode into a nuclear conflagration There are others who argue differently in fact just the opposite. They consider that since "the Indian subcontinent is the most dangerous place on earth" (William E Burrows and Robert Windrem *Critical Mass*, London: Simon and Schuster Ltd, 1994, pp 351), and since the two countries do not have an institutionalised decisional and command system - with all the built-in checks and balances — the risks of a nuclear conflict are more real on the subcontinent than anywhere else. Only time will tell which of the two schools of thought are close to reality. It would be pointless to pontificate on the relative weightiness of the two argumentations at a time when we are faced with an area of darkness on the subject.

The other major event covered in this issue is the financial chaos in Southeast Asia —a chaos that is highlighting the dysfunctionality of a largely corrupted banking system, and the unruly process of deregulation of international financial operations. The consequences are horrendous: skyrocketing of debt services, the sliding of the currency exchange rates, the flight of short-term capital, and the crumbling of foreign reserves. The spill-over of this crisis — originally confined to South Korea, Thailand, Malaysia and Indonesia — has begun to effect the other countries of the region, including Japan and Hong Kong. But,

will this process expand onto the shores of Western Europe and the United States? It is of course difficult to say, though many are counting on the fact that the levels of inter-independence between the affected countries and the developed world are not critical enough to seriously jeopardise the latter.

The North-South dimension has also become dichotomous. Frankly, the South has lost everything — its negotiating power, its leverage, its intra-South solidarity and even its normative socio-economic goals, so much so that none of the third world mainstream countries evoke anymore any alternatives other than globalisation and marketisation of economies.

The International Monetary Fund (IMF) has come in for sharp criticism for the strong remedies it is recommending in exchange for a financial bail-out. It has been attacked for proposing the same remedies for illnesses that are different and symptoms that are disparate. The administration of excessive antibiotic treatment to all is having the opposite effect — the effect of making the illness worse.

The United Nations, too, is faced with a myriad crises — a political crisis caused by the unipolarity of the international system, and, a structural crisis engendered by an excessive proliferation of institutions. Even more problematic is the unnecessary duplications, and the absence of any viable inter-agency cooperation that has now flawed the whole system.

The post-cold war era thus is offering us a panorama of critical situations over which the international community has neither the capacity of managing them nor of containing them. Our international system, like the planet earth, is spinning so fast that no one is able to control the succession of crises that are descending upon us metronomically.

Geneva, Switzerland
September 1998

Harish Kapur

UNDERSTANDING OF IT.

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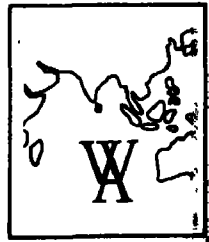
WORLD ISSUE IS IMPORTANT. SO IS OUR UNDERSTANDING

Nuclear India In Global Politics

No country has campaigned so hard and so long for nuclear disarmament than India, and yet India conducted its first nuclear test in 1974 and then observed unparalleled restraint for 24 years till its series of nuclear tests on May 11 and 13, 1998. The basic reasons for this change after all these years was that India's security concerns had increased and its security enviomment become more adverse.

K SUBRAHMANYAM

INTRODUCTION

Peace movements took many years to develop in Western countries following nuclear weaponisation, and even then these did not ask for elimination of the nuclear arsenals of the countries concerned in most cases. When sections of the British Labour Party leadership proposed that Britain should unilaterally abandon its nuclear arsenal, the British electorate taught the Labour Party a lesson they have never forgotten. India is the only country which, in the wake of nuclearisation, continued — in the recent Rome Conference — to press for the setting up of an international criminal court of justice, making the use of nuclear weapons a crime against humanity, with those guilty of it tried by an international criminal court of justice. That attempt was brushed aside.

We are living in a world in which the international community of 185 nations, gathering in New York in 1995, decided to legitimise nuclear weapons by extending indefinitely and unconditionally the Non-Proliferation

Treaty. We are told that Japan has a great aversion to nuclear weapons, as the only country which has been subjected to nuclear attack. Therefore, it puzzles Indians why Japan then voted to legitimise nuclear weapons, and voted against them being considered a crime against humanity. Why does Japan need the protection of US nuclear deterrents even after the cold war has ended, and China is being engaged constructively by both the US and Japan? Similarly the non-aligned nations have declared themselves against nuclear weapons for well over three decades. Yet they agreed to legitimise the nuclear arsenals of five nuclear weapon powers through the indefinite and unconditional extension of the Nonproliferation Treaty. The five nuclear weapon powers accepted an obligation to negotiate, in good faith, effective measures relating to cessation of the nuclear arms race at an early date, and for nuclear disarmament. Nothing was done in the first 25 years before the NPT was extended indefinitely and unconditionally. In the two preparatory meetings held for the first quinquennial review conference to be held in 2000 AD no progress has been registered at all. There is therefore a wide divergence between what nations say and what they do on the nuclear issue.

Non-aligned nations have declared themselves against nuclear weapons for well over three decades. Yet they agreed to legitimise the nuclear arsenals of five nuclear weapon powers through the indefinite and unconditional extension of the Non-Proliferation Treaty.

Nuclear threats to nations of the world can be averted only in one of two ways. Either the nuclear weapons should be prohibited and eliminated as is being done for two other categories of weapons of mass destruction — the biological and chemical — or nations should develop a balance of mutual deterrence which will reduce the risks of temptations to the five most war prone powers who are the acknowledged possessors of nuclear weapons today. India having failed to register even the slightest advance on nuclear disarmament felt compelled to opt for the second alternative.

No doubt India has been highly critical of both the doctrine of nuclear deterrence as practised by the nuclear weapon powers as well as the balance of power strategy as expounded in the nineteenth and early twentieth

centuries. The intrinsic merits and demerits of these strategies are not very relevant for the pursuit of Indian foreign and security policies. What is of utmost relevance is that the world powers that count in global decision-making are pursuing these strategies whether they are right or wrong. So long as India did not possess adequate military, economic and technological power to make an impact on the global system the international power game was bound to be played according to the rules prescribed by the major military and industrial powers of the world. India's choice was limited to being totally marginalised or joining the game and playing it as per the present rules. The rest of the non-aligned, in spite of all their declaratory policies on disarmament and autonomy of nations were not able to stand up to the pressures of the industrialised world. Therefore, they endorsed the NPT and legitimised nuclear weapons. They adopted the Comprehensive Test Ban Treaty with its entry into force clause which violated the Vienna Convention on the law of the treaties and attempted to force the CTBT on India, after Delhi had made it clear that it would not sign. Non-alignment was robbed of most of its content with these two treaties. The first coerced the non-aligned to endorse the legitimacy of nuclear weapons. The second treaty exposed that they did not have the strength to stand up to defend the autonomy of decision-making of the developing nations. This is, today, the objective reality regarding most non-aligned nations. In these circumstances India had to opt to reinforce the balance of power in the global system and thereby provide an increased degree of autonomy of functioning to other nations. That is why the Indian dilemma on nuclear weapons was finally resolved with India exercising the nuclear option.

GLOBAL NUCLEAR ORDER

With the exception of four nations — India, Pakistan, Israel and Cuba — the rest of the international community has acceded to the Non Proliferation Treaty. The Non-Proliferation Treaty has divided nations into four categories. There are five nuclear weapon powers acknowledged by the treaty. Out of these five three, the US, UK and France are in a military alliance — the North Atlantic Treaty Organisation (NATO). The US has assisted UK and France in the development of nuclear weapon systems. They have an understanding to share data and technology on further weapon

development among themselves. Russia was the arch adversary during the Cold War era. The first three and Russia were engaged in a highly costly arms race during that time. Now they are partners in peace and linked in a common security framework —the Organisation of European Security and Cooperation (OSCE). They have detargeted their missiles earlier aimed at each other. The fifth nuclear power, China, is outside this framework. It has a mutual no first use declaration with Russia and has recently agreed to detarget its missiles on a reciprocal basis with the United States. In other words the five nuclear weapon powers no longer have any threat from each other and therefore their nuclear arsenals are not directly related to their security threat perceptions. They have not chosen to offer any rational explanations why they continue to need nuclear weapons.

The second category of nations are the allies of nuclear weapon powers and they rely on the nuclear deterrent protection provided by the nuclear weapon powers. They are members of NATO, the Commonwealth of independent nations and countries with bilateral security treaties with United States, such as South Korea, Japan, Australia and New Zealand. The nations of Europe outside NATO are part of the Organisation of Security and Cooperation In Europe (OSCE). Therefore, all industrial nations are under a nuclear deterrent security framework. So also the nations of the western hemisphere which are all (with the exception of Cuba) members of the Organisation of American States (OAS), under the overall protection of the United States. This security protection does not necessarily mean that there would not be conflicts among the nations which are members of the alliance. Turkey and Greece face major security problems vis-a-vis each other and over Cyprus. Argentina and Britain fought a war and the former did not get the support of the US. Grenada and Panama have been invaded by the US itself. But the conflicts were all limited wars which did not alter territorial status quo. The Turkish occupation of Cyprus has not been recognised.

The third category of nations are those who have formed nuclear weapon free zones and attempted to obtain a nuclear protectorate status from the nuclear weapon powers in exchange for undertaking that they will not acquire nuclear weapons, nor allow others to bring nuclear weapons to their territories. By seeking and accepting nuclear protection guarantees they, in turn, legitimise the nuclear weapons of the five nuclear weapon powers. The fourth category of non-nuclear weapon states within the NPT are

nations which have been brought under the jurisdiction of the US Central command and US Fifth Fleet.

Out of the four nations which have not acceded to the NPT two of them, India and Pakistan, have declared themselves nuclear weapon states Israel was known to be a nuclear weapon state even as the Non-Proliferation Treaty was being finalised in 1968 Only Cuba remains as a non-nuclear weapon state outside the global nuclear order But there is not much concern about Cuba attempting to become a nuclear weapon state Whether India Pakistan and Israel are accepted as nuclear weapon states under the Non-Proliferation Treaty or not the international community cannot overlook their weapon capabilities There is therefore a global nuclear order with eight nuclear weapon states and the rest of the international community under a Non-Proliferation regime. Since all the non-nuclear states other than Cuba are signatories to the NPT there can be no more new nuclear weapon states unless the NPT is violated. The Indian and Pakistani nuclear tests cannot be cited as precedents by others since they have all acceded to the treaty, while India, Pakistan and Israel kept out of it. When the NPT was being renewed and extended unconditionally and indefinitely the international community was fully aware of the status of three undeclared nuclear weapon states. By reconfirming the treaty without attempting to bring the three undeclared weapon states into it in some way or the other they accepted the reality of their undeclared nuclear weapon status. The nuclear tests of May 1998 by India and Pakistan only made explicit what has been known implicitly for several years.

Since all the non-nuclear states other than Cuba are signatories to the NPT there can be no more new nuclear weapon states unless the NPT is violated. The Indian and Pakistani nuclear tests cannot be cited as precedents by others since they have all acceded to the treaty, while India, Pakistan and Israel kept out of it.

THREATS TO GLOBAL NUCLEAR ORDER

A global nuclear regime with eight nuclear weapon states cannot be considered to be significantly any more unsafe or unstable than one

with five nuclear weapon powers. Israel has been a nuclear weapon state for nearly 30 years, Pakistan for eleven years and India in one sense for 24 years and in another sense, eight years. These three nations have behaved with far more restraint than the nuclear weapon powers in the initial years of the nuclear era. Their nuclear weapons build-up has not been accompanied by the fierce arms race that characterised the nuclear weapons build-up of the five acknowledged nuclear weapon powers. India and Pakistan have been at peace for the last 26 years which cannot be said of the US, UK, Russia and China. If after the fierce arms races and cold war confrontation of many decades, the five nuclear weapon powers can agree to give up their rivalries, detarget their missiles and reduce their conventional forces, since they have come to the conclusion that a nuclear war was not fightable and winnable and mutual deterrence preserved peace among them, there is no reason why overt acquisition of nuclear weapons should not produce the same effect on the additional three nuclear weapon powers. The five nuclear weapon powers have proved themselves historically more war prone than others. The industrialised nations have gone through two world wars and one cold war confrontation in this century. In all they have had fifty-five years of either actual war or cold war in this century. If, given this history, the five nuclear weapon powers have settled down to peace and stability, the same can be reasonably expected in the case of the other three, India, Pakistan and Israel, too.

The threat to the present relatively stable nuclear order does not come from the change-over of three hitherto undeclared nuclear weapon states to the declared status. The next nuclear proliferation when it takes place, would mean wrecking the Non-Proliferation Treaty because that proliferation would be a breach of the NPT. India, Pakistan and Israel, by keeping out of NPT, did not breach the treaty. This threat of breaching the treaty is real since according to the information available in the US media and US think tanks specialising in non-Proliferation, China has been assisting Pakistan in nuclear weapon technology even after its accession to the NPT in 1992. It is today widely accepted that Pakistan achieved its nuclear weapon capability in 1987 with Chinese assistance and the US looked the other way. Though information was available from the reports of CIA operative Richard Barlow in Islamabad in 1987 that Pakistan had achieved nuclear explosive capability, the US administration's certification to the US Congress continued for the

next three years that Pakistan had not done so. Even now, the administration has postponed giving a finding on Chinese missile prolifer to Pakistan which took place in 1993 and which has officially been adn by the Pakistani government.

Proliferation from nuclear weapon powers to a non-nuclear we state in violation of NPT is not easily penalisable. Nor are the nu weapon powers under any safeguard system which verify and check transactions. It is now well established that attempted proliferation by had the support from a number of industrialised nations. So did the S African programme. When a nuclear weapon power proliferates, the powers appear to be reluctant to challenge that and bring that pow international accountability since that would erode the credibility of NPT. The US administration appears to be subordinating, at presen proliferation concerns to its commercial interests. There are speculatio the US media that China might be using its proliferation to countries Pakistan or Iran as a bargaining chip vis-à-vis the US supply of arn Taiwan. Another school of thought which puts forward the thesis o clash of civilisations tends to attribute the Chinese proliferation to the alli between the Sinic and Islamic civilisations against the West

The US concerns on the likelihood of further proliferation are refl in the massive counter-proliferation programme that country has undert While there is talk of the emergence of rogue states, it is obvious that u the new safeguards system of the International Atomic Energy (IAEA) under the CTBT (still not in force), this is hardly realisable unless receive clandestine proliferation assistance from established nuclear we. powers. This remains a distinct possibility.

The second threat to the international nuclear order is the breakd in the command and control structure of Russia and the falling of Ru weapons into the hands of other nations and organised crime. This tl was highlighted in the UN Security Council Summit of January 1992 by Indian prime minister P V Narasimha Rao. General Alexander Lebed former national security adviser to the Russian President Boris Yeltsin discl that he could not account for all 30 kg, 2 kiloton explosive yield back- bombs made during the Cold War. This charge has not so far been fully credibly rebutted. General Lebed took up the issue with the US Con and pointed out that the scientific talent to manufacture such weapons

getting scattered making it possible for a number of organised crime syndicates with resources greater than many nation states to manufacture such devices. More recently General Lebed, now elected as governor of Krasnoyarsk province, wrote a mock serious letter to the Kremlin offering to take over the nuclear missiles in his province (estimated to be 320 warheads), since the officers and soldiers of the missile units had not been paid their salaries for over five months. Reports have emanated about Russian soldiers selling their weapons and equipment during the Chechen War. Today, the Russian organised crime syndicates are regarded as the most powerful with world-wide operational capabilities, and links with other powerful syndicates in Europe and the western hemisphere.

The Americans have charged that China had been proliferating till recently to Iran and Pakistan. China sold 40 C-SS2 missiles with a range of 2500 km to Saudi Arabia in the late 1980s, at about the same time they were helping Pakistan to manufacture nuclear weapons The failure of US agencies to monitor the China-Saudi Arabia C-SS2 transfer deal reported to have been arranged by Saudi ambassador to the US, Prince Bandar, was perhaps the biggest US intelligence failure in the last quarter of this century. Anytime the Chinese missiles and Pakistani nuclear warheads come together will pose a major threat to Israel and other Middle East countries including Iran. One should not forget that the Iran-Iraq war was the longest war between developing countries in which weapons of mass destruction and missiles were used. These aspects of nuclear proliferation do not receive sufficient attention in the western media for understandable reasons

NUCLEAR HEGEMONY

The Cold War is over Russia and three western powers, the US, UK and France are partners in peace and are members of a common security framework - Organisation of Security and Cooperation in Europe (OSCE). The US is engaging China in a strategic partnership. All five nuclear weapon powers claim that they have detargeted their missiles against others. Logically it would appear this is the right moment for the five nuclear weapon powers to commit themselves to ultimate elimination of nuclear weapons and move towards a step by step approach to delegitimise, prohibit and finally eliminate nuclear weapons. But, instead of doing this, they continue to insist on

keeping the nuclear weapons legitimate. The last step towards that end is the rejection of the India-Egyptian move to have the use of nuclear weapons included in the list of crimes against humanity in the Rome Conference in June 1998, while finalising the proposal to set up an international court of criminal justice. The two preparatory conferences held to lay the ground for the NPT Review Conference in the year 2000 AD under the strengthened Review Process have not moved forward Various official documents published in the US indicate that it will continue to rely on nuclear weapons for its security in the foreseeable future

The various weapon reductions that have taken place (START-I, START-II and the withdrawal and elimination of tactical nuclear weapons) are mostly arsenal rationalisation measures, and will still permit nuclear weapon powers enough nuclear weapons to destroy human civilisation several times over.

The various weapon reductions that have taken place (START-I, START-II and the withdrawal and elimination of tactical nuclear weapons) are mostly arsenal rationalisation measures, and will still permit nuclear weapon powers enough nuclear weapons to destroy human civilisation several times over. It is now recognised that a nuclear war cannot be won and should not be initiated. Therefore the logic behind the five nuclear weapon powers insisting on keeping their nuclear arsenal and coercing the world to accept their legitimacy must be examined. The present nuclear hegemonic order restricting nuclear weapons to five permanent members of the Security Council is a reaffirmation of the Yalta-Potsdam arrangement. When proposals are advocated to include Germany and Japan into the Security Council as permanent members they are not to be given the veto. In spite of their being more powerful economies than the UK, France and Russia, they will not get the same status as the possessors of nuclear arsenals.

Nuclear weapons serve different aspects of national interest of the five nuclear weapon powers. The US sees in them the necessary guarantee for maintaining its status as the world's foremost power. With the widely proclaimed forecasts that the Chinese economy finally may level up with that of US in overall size and overtake it in due course, the US apparently sees the next generation weapons as an important instrumentality which will

enable it to outrank China in the international hierarchy. Therefore the US is against delegitimisation and elimination of nuclear weapons. The Russians concede that without their nuclear arsenals they will count for nothing. Britain and France use their nuclear arsenal as a symbol of their superior status over Germany in Europe. For China the combination of their market size and nuclear arsenal together will make them the "Middle Kingdom" of a resurgent Asia.

The US is engaged in further research on pure fusion weapons. There are reports that the National Ignition Facility with investments of billions of dollars and the best talent available may lead to the development of new categories of laser ignited fusion weapons. The US is in a position to break out of the Comprehensive Test Ban Treaty whenever it chooses to do so, and it insisted on the withdrawal clause being incorporated in the CTBT. One cannot therefore rule out the possibility that US insistence on sustaining the legality and legitimacy of nuclear weapons may be related to its hope of developing a supremacy in the next generation of nuclear weapons.

The legitimacy of nuclear weapons, furthermore compels such economically powerful states as Germany and Japan, to rely entirely on the US for their security. That security dependence is a factor that could be utilised by the US to keep them in line on economic and technological issues.

THE ASIAN BALANCE OF POWER

The rise of China as a major economic and military power is a significant alteration in the global status quo irrespective of the manner and shape in which the future evolution of China takes place. Such an alteration of the status quo is bound to change the balance of power in Asia. With the economic transformation taking place in the East, South, Central and South West Asian countries, Asia is likely to become the centre of gravity of global economic activity, with international relations increasingly becoming Asia centric. There are wide expectations that in an age where the existence of nuclear weapons preclude interstate wars among major powers, a new global balance of power is likely to emerge in which the lead players will be the US, China, Japan, the European Union, Russia and probably India. In this balance of power, four countries are established democracies and Russia is

struggling to evolve into one. China is not a democracy, and that rais serious questions on the alternative possibilities regarding China's evolutio

China's economic pluralism may steer it towards political pluralism an democracy. That is what the rest of the democratic world hopes for. democratic China may still be hegemonic as the democratic US is, and were democratic Britain and France in the past. A second possible scenari is of China being able to combine its economic pluralism with its politic authoritarianism. In that event China will emerge as the most powerfi authoritarian state in history. That will be a matter of grave concern to a of China's neighbours. A third possibility is the mis-match between th political authoritarianism and economic pluralism resulting in the breakdow of China on the same lines as the Soviet Union. Such a breakdown will sen a seismic shock all over Asia and is bound to generate security problems fo many. Yet another scenario is that regional disparities will lead to a loosenin up of China into a loose confederation Since China will be in transition fo quite sometime, it will be a centre of security related attention to man Asian countries including India

Given the potential economic and military power of China a strategy o engagement with Beijing is the right one On that there is no difference o opinion. But there are serious differences regarding the alternative approach to the strategy of engagement. The recent visit of President Clinton t China and various pronouncements made during and in the aftermath of th visit have raised concerns in many Asian countries, including India an Japan. An impression has gained ground that the US prefers to engage Chin in an exclusively bilateral framework which may result in a new bipolarit emerging in the globe with China as the primary interlocutor of the US This is bound to have its impact on all neighbours of China in Asia.

It is not a question of Chinese aggression or military threat. To the nort of China is a nuclear armed Russia. To the East an economically powerfi Japan under US nuclear security protection. To the west are the Centr Asian republics under the nuclear protection of the Russia-led Commonwealt of Independent States. They may also come under the jurisdiction of U central command. The only areas which do not have a balancing arrangemen vis-à-vis the Chinese power and influence are South and Southeast Asia China has already been exercising its power and influence on its South. I has proliferated to Pakistan both nuclear and missile technologies and is th

largest arms supplier to that country. The Chinese interest in Burma is all too evident. The Americans have charged that China was proliferating to Iran. Its sale of CSS-2 long-range missiles to Saudi Arabia is history. It has maritime disputes with a number of South East Asian nations. It is logical to expect the pressure of Chinese power and influence over the South, Southeast and Southwest Asia.

Hence, the need for a stable, Asian balance of power made it imperative for India to exercise its nuclear option, and contribute to embedding China in a four-power balancing system involving Japan, the US, Russia and itself. In turn, such a polycentric balance of power will provide optimum autonomy to other nations in Asia. A simple bipolar arrangement between US and China may lead to certain deals between them at the expense of other nations while a polycentric balance will be more stable and permit more freedom of manoeuvre for the nations of Southeast, South and Southwest Asia. In the longer run, the Indian nuclear tests will come to be recognised as a major contribution to the balance and stability in Asia.

THE TIMING OF THE TESTS

Till 1995 India had some hopes that the five nuclear weapon powers would initiate moves towards nuclear disarmament and the non-nuclear weapon powers would be able to assert themselves in the Review and Extension Conference of the NPT. The 1995 extension conference instead, legitimised the nuclear apartheid. It was clear that the non-nuclear weapon states had neither the will nor inclination to resist the perpetuation of the global nuclear hegemonic order. During the Review Conference there was no agreement among the parties that all nuclear weapon powers abided by their obligations under Article (I) of the Non-Proliferation Treaty and were not engaged in proliferation. The threat perception arising out of the deliberations of the 1995 NPT Review Conference presumably led to the Indian government to discreetly order preparations for nuclear tests in December 1995. But it was discovered by the US and was given up, under pressure from Washington. It is therefore obvious that a Congress government considered it necessary to conduct a test in 1995. Mr V P Singh in his BBC "Hard Talk" interview said that the test could have been conducted in his time, but he did not do it because of the extremely difficult economic

situation he faced. Therefore a Janata Dal government in 1990 and a Congress government in 1995 considered conducting tests. In such circumstances there is nothing unusual in the BJP government's decision to conduct the tests when they came to the conclusion that they could be done without the US noticing the preparations. The shafts were dug earlier and the preparations carried out in 1995 made it possible for the BJP government to take the world by surprise.

The political class of the country was not adequately informed about China's extensive help to Pakistan on nuclear and missile development. Nor was the significance of Chinese moves amply analysed in the country during the final phase of the CTBT draft in 1996.

Unfortunately, the political class of the country was not adequately informed about China's extensive help to Pakistan on nuclear and missile development. Nor was the significance of Chinese moves amply analysed in the country during the final phase of the Comprehensive Test Ban Treaty draft in 1996. On June 20, 1996, India made it clear that while it would not sign the Comprehensive Test Ban Treaty, it would not oppose its adoption by others. At that stage, under Chinese pressure, and without any prior discussion in the Conference on Disarmament a new entry into force clause was added to the treaty — a clause which stipulated that 44 countries including India would have to ratify it before it could come into force. This inclusion of the force clause was a clear contravention of the Vienna convention on the law of treaties which stipulated that no treaty will be binding on a nation not party to a treaty. Clearly this was a step intended to coerce India. The Indian decision to highlight China as the reason for India conducting the tests must explain why China adopted such a hostile line towards India. In 1963 the international community adopted a Partial Test Ban Treaty prohibiting atmospheric nuclear tests. But China violated that international norm and conducted its atmospheric tests in 1964. It continued with its multimegaton thermonuclear tests causing immense radioactive fall-out all over the world and in India. China adopts one standard for its own security while attempting to impose on India a different standard. That is a clear case of hegemonism.

However, in spite of India's objection to the inclusion of the force clause and notwithstanding Indian objection to the transmission of the CTBT text from the Conference on Disarmament to the UN, the western powers mobilised enough support to introduce the treaty text, along with the obnoxious article XIV and managed to get it adopted by the UN General Assembly. India could not ignore the helplessness of the non-aligned countries and their submission to the nuclear hegemony for the second time. If the CTBT did not obtain the ratifications of 44 listed nations in three years, a new conference of the treaty signatories would have to be convened to consider further steps. One should reasonably expect enormous international pressure on India to join the CTBT.

The tests, therefore, had to be carried out in 1998. The recent investigations on the failure to monitor the preparations for the tests revealed how much India was under surveillance. One of the major reasons for the failure was attributed to the inadequacy of "humint" (human intelligence) resources. A new government had assumed office in Delhi and it had asserted its intention to induct nuclear weapons. It therefore made sense for the new government to test early in office before the US Central Intelligence developed adequate "humint" resources.

The US-Chinese engagement was deepening and becoming closer. The US Deputy Assistant Secretary of State for Non-Proliferation, Dr Robert Einhorn told the US Congress on February 4, 1998, that China continued to supply components and technology for missiles to Pakistan. It was becoming clear that just as the US subordinated its non-proliferation goals in respect of Pakistan in the 1980s to its need to have Pakistani cooperation in the anti Soviet Mujahideen war in Afghanistan, it looked away from China-Pakistan nuclear collaboration due to the lure of large and growing trade with China. The breaches by China of its obligations under Article (I) of the Non-Proliferation Treaty were obfuscated despite extensive reporting in the US media. The US administration's attempt to fudge on Chinese proliferation of M-11 missiles to Pakistan even after Pakistan had officially admitted to the receipt of the missiles, stripped the present administration of all credibility. The Indian tests —conducted before Clinton's visit to China — were meant to lay bare US-China collusion to shield the Chinese proliferation. In spite of all euphoric pronouncements during the presidential visit subsequent assessments in the US media have revealed the US helplessness

to influence the Chinese proliferation. Consequently, the condemnatory tone in international pronouncements over India have been muted over a period of time. In fact, signals are emerging from the US administration that it may reconcile itself to living with a modest Indian nuclear and missile arsenal.

Lastly the tests were triggered off by Pakistan's test of the Ghauri missile on April 6, 1998. It has now been disclosed that the decision to test was an immediate response to the Ghauri test which did not generate significant reaction from the high priests of non-proliferation. The missile came from North Korea. The US has concluded an agreement with North Korea offering it a new light water power reactor and annual supply of fuel oil in exchange for the latter giving up its nuclear proliferation activity. In spite of such concessions extended, it would appear that North Korea continues to indulge in proliferation activity and the US is as helpless in the case of China. The Indian tests have now highlighted that the US permissiveness and tacit encouragement on selective proliferation is not acceptable to India.

INDO-PAK TESTS AND GLOBAL PROLIFERATION

Most of the western media and academia which toe the official nuclear proliferation theological line have tried to project Indo-Pak tests as a starting point for another round of proliferation This charge appears to be baseless. All countries other than India, Pakistan, Israel and Cuba are signatories to the Non-Proliferation Treaty and have voluntarily accepted the international obligation not to acquire nuclear weapons If any of them did so it would be a breach of an international treaty obligation, unlike in the case of India, Pakistan and Israel. It would expose the Non-Proliferation Treaty as something basically unviable. All the other non-nuclear weapon nations have been reconciled to the present global nuclear order

With the nuclear status of India and Pakistan getting clarified it could be argued that possibilities of expansion of nuclear weapon states has come to an end except for Israel. To that extent the global nuclear order has been firmed up. The present NPT cannot accommodate the two newcomers and a potential newcomer in Israel. Therefore a new global nuclear order which will subsume the three new nuclear weapon states will need to be re-

negotiated. The nuclear hegemonic powers may attempt to ignore the three new weapon states and carry on business as usual. But the existence of the three states outside the NPT framework will provide some additional clout to the non-nuclear weapon states. India's charges against the Chinese proliferation to Pakistan will focus attention on the review of the fulfilment of the obligations of nuclear weapon powers in respect of article (I) of the NPT A number of issues, including nuclear disarmament, a convention on no first use and obligations of nuclear weapon powers under articles (I) and (VI) of the NPT are bound to come up for consideration. This trend was evident in the deliberations of the ASEAN regional forum meeting and in the statements issued by eminent personalities like Presidents Carter and Gorbachev.

INDO PAK RELATIONS IN THE NUCLEAR CONTEXT

The establishments of various countries, including large sections of Indian and Pakistani media and many public personalities in the subcontinent have all expressed concern about the acquisition of nuclear weapons by two countries, which have fought three wars, which still do not have cordial relations, which have been fighting a covert war in Kashmir and which often exchange fire across the line of control. Most of these concerns are based on misperceptions and inadequate understanding of the situation as it has evolved over the last two decades The responsibility for this is largely attributable to the Indian leadership and its lack of transparency The situation between India and Pakistan in the nuclear context is unique in the world. Five nuclear weapon powers came into possession of nuclear weapons with demonstrated nuclear weapon tests and with all of them flaunting their nuclear weapons. Pakistan came into possession of nuclear weapons in 1987 with Chinese assistance. The weapons were believed to be of the Chinese design tested in 1967, and therefore Pakistan did not have to test them.

In 1987 Dr A Q Khan told Indian journalist Kuldeep Nayyar that Pakistan had the bomb. At about the same time the CIA operative in Islamabad Richard Barlow reported to Washington that Pakistan had assembled the bomb. In the summer of 1990 the US media was full of stories that Pakistan might launch a surprise nuclear attack on India. In October 1990 the US President denied certification required under the Pressler amendment

that Pakistan had not reached nuclear explosive capability. In Decen 1992 Benazir Bhutto, then out of office, stated during an NBC interv that Pakistan had assembled the bomb behind her back when she was pr minister. In December 1993, General Aslam Beg wrote in the *Nation* the bombs were assembled in 1987 and Ms Bhutto was fully briefed o during her prime ministership. In August 1994, Nawaz Sharif, again ou office, made a speech in Nila Bhatt in Pakistan-occupied Kashmir that country would use the bomb if India attempted to recover Pakistan-occup Kashmir. Dr A Q Khan kept up a stream of declarations about Pakist nuclear weapon prowess. Successive directors of the Central Intellig Agency had disclosed before the US Congress that both Pakistan and In had nuclear weapon capabilities which could enable them to assemble nuc weapons at short notice.

India thus knew of the existence of the Pakistani bomb for eleven y before the Chagai tests were conducted Presumably, the Pokharan tes 1974 by India, too may have led Pakistan to assume the existence of Indian nuclear weapon from the beginning, even though the Indian deter capability came into being only in 1990. The two countries were awar each other's nuclear capabilities even as Pakistan unleashed its covert operat in Kashmir in 1989 and had sustained them over the next nine years M American and Indian observers attribute the non-escalation of the int covert war operations in Kashmir into a regular inter-state war, to perception of mutual nuclear deterrence. In other words, nuclear weap on both sides of Indo-Pakistan divide haver been a stabilising factor inst of an escalatory one, even though 18000 casualties of Indian servicem Kashmiri civilians and Pakistani militants have occurred in Kashmir. Th casualties are more than those incurred in the previous three Indo-Pak w on the Indian side. While Pakistani leaders have talked about their nuc weapons, no Indian leader referred to any use of nuclear weapons except the fact that the nuclear option was open. The Indian military was out the decision-making loop on this issue.

During the eight years that both Pakistan and India built up their nuc capabilities there was no arms race. As percentage of gross domestic proc the Pakistani defence expenditure remained stable, and in India's case percentage dropped from 3.3 to 2.3. Therefore India and Pakistan do

fit into the orthodox nuclear proliferation theological pattern propagated by the western academia and media, and accepted by many of our people.

Pakistan is the only country which has acquired a nuclear arsenal largely with the support of another nuclear weapon power. Its nuclear proliferation has been actively supported by China and tacitly connived at by the US. As General Arif has recorded in his book *Working With Zia*, as early as 1981 Pakistan extracted from the US a promise not to interfere with Pakistan's nuclear programme, as a price for its collaboration with the US on the anti-Soviet Mujahideen campaign in Afghanistan. Even at that stage Pakistan was clear about its nuclear strategy. Professor Stephen Cohen, an eminent American specialist on Pakistan and India wrote in March 1998, that many in Pakistan believed that the Pakistani nuclear capability would neutralise an assumed Indian nuclear force. Others point out, however, wrote Cohen, "that it would provide the umbrella under which Pakistan could reopen the Kashmir issue; a Pakistani nuclear capability paralyses not only the Indian nuclear decision but also Indian conventional forces and a brash, bold, Pakistani strike to liberate Kashmir might go unchallenged if the Indian leadership was weak or indecisive." ("Nuclear Issues and Security Policy In Pakistan", a paper presented in Washington at the annual meeting of the Association for Asian Studies) From the beginning, the Pakistani strategy has been to use the nuclear capability as a powerful, strategic and political factor to get Kashmir.

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Presumably in pursuance of that long established strategic doctrine Pakistan unleashed the covert war in Kashmir following its acquisition of nuclear weapons. The covert war intensified when there was a change of government in Delhi in December, 1989. Those American stories of summer 1990 about Pakistan getting ready to carry out a preemptive nuclear strike might have been part of an elaborate psychological war campaign against what they perceived as a weak and indecisive government in Delhi. However, Islamabad

did not succeed in that attempt. Then came a subtle campaign linking Kashmir issue to the nuclear factor. There was an implied threat th Pakistan did not get what it wanted, viz, Kashmir, the covert war n escalate to overt conventional war, and perhaps to nuclear exchange. western nuclear proliferation theology came in handy for Pakistan's attem blackmail. Some sections of the US State Department openly took a par line on Kashmir, thereby encouraging Pakistan further in its blackmail atte

India adopted a policy of restraint and firmness The covert wa Kashmir was fought and contained in Kashmir territory itself and was sought to be escalated. Pakistani nuclear sabre rattling was completely ign and the US attempts at putting pressure on India to freeze, cut and roll l the Indian nuclear programme were blunted with a mixture of firmness obfuscation. Time was bought by going along with the US declaratio 1993 on the CTBT and fissile materials cut off issue, even at the exp of annoying Indian public opinion for yielding to US pressure

The nuclear factor also had some self-deterrent effect on Pakistan two occasions Pakistan's army stopped the Jammu & Kashmir Libera Front (JKLF) militants from crossing into Jammu and Kashmi and viol the line of actual control. Though, from time to time, the Pakistani a fired across the line of control and carried out limited exchanges of fi nonetheless ensured that it would not get out of hand

Pakistani authorities are fully aware of their own limitations in escalat No conventional attack by them into the Indian territory in Kashmi be able to penetrate to a significant depth. The Indian army's fire pow superior as they have repeatedly experienced in Siachen. At the same ti the Indian army will not be provoked into an unrestricted escalatio nuclear threat will be rebuffed. A nuclear exchange is out of the quest Therefore Pakistan is attempting desperately to use the nuclear blackma get a third party involvement in the Kashmir dispute. Even in this res it did not have much success. When the five permanent members (P-5), eight leading industrial countries (G-8) and the Security Council referre Kashmir in their statements they talked only of actively encouraging I and Pakistan to find mutually acceptable solutions, through direct dialo

The Indian prime minister in his statement to the Lok Sabha on Au 4, 1998 declared that India would never use nuclear weapons first shifts the entire responsibility for any nuclear escalation or tension to Pakis

India has also offered to enter into a strategic dialogue on peace, security and stability in the nuclear context, but Pakistan has rejected this offer. Prima facie it would appear that Pakistani nuclear strategy has failed. But there are positive aspects to it which Pakistan has so far failed to exploit and still has an opportunity to do so. The nuclear weapon capability is a great equaliser, and Pakistan is now in a position to liberate itself from the obsessive feeling of threat vis-à-vis India. According to some Pakistani leaders this has established a certain balance of power. In a strictly military sense this argumentation is unchallengeable. For the nuclear weapons as an equaliser removes the fear of Indian hegemonism, thus making it possible for Pakistan to reduce its conventional defence expenditure and free itself from an excessive security obsession about India. It can reduce its armed forces and its political role, and thereby consolidate democracy. Some Pakistanis are of the view that this was one of the objectives of prime minister Z A Bhutto when he initiated the nuclear weapons programme. All this is possible only if Pakistan is able to get over its obsession on acquiring Kashmir.

The nuclear weapon capability is a great equaliser, and Pakistan is now in a position to liberate itself from the obsessive feeling of threat vis-à-vis India. According to some Pakistani leaders this has established a certain balance of power.

Time is not on Pakistan's side, since the world had indeed got used to its covert war in Kashmir over the last eight years. And this should explain its apparent determination in wanting to derive some advantage from the transition from covert to overt nuclearisation. At present, it does not look like that they will succeed in their efforts.

The Indian and Pakistani nuclearisation has taken place in an era when the international community has a better understanding about the infeasibility of fighting and winning a nuclear war. In the past three wars, the Pakistani military establishment initiated wars on calculations that they had reasonable chances of gaining a victory. In 1947 before the landing of the Indian armed forces in Srinagar if the airport had been taken by Pakistan, history would have been different. In 1965, if the Pakistanis had not lost the battle of Asal Uttar, which they should have won on the basis of equipment and numerical

superiority in tanks, they would have dictated terms on Kashmir. In 1971 they expected the Pakistan-US-China line-up would frighten India from over-running Bangladesh. In all three cases they started the wars on rational expectations and they made peace when they realised they had lost. Now they know that neither prolonged covert war using mercenaries nor the threat of escalation to regular conventional war or to nuclear conflict will make India budge on Kashmir. Their stake in Kashmir is not high enough to drive them to resort to nuclear confrontation. They are also aware in the extremely unlikely possibility of nuclear exchange that they will come off worse.

There are worries among some people that Pakistani nuclear weapons may fall into the hands of military leadership conditioned by extremist Islamic ideology, and that the future generals of Pakistan may not be as rational as the past and present ones. As such a possibility cannot be totally excluded, the need to ensure that Pakistan is not isolated becomes all the more important. India and other nations, therefore, must maintain good communications with Pakistan and its generals, in order to make them understand the full consequences of any irrational action. The world has survived an unbalanced Richard Nixon, an irrational Mao Zedong, a sedated Pompidou and a senile Brezhnev, all of whom were in charge of nuclear weapons.

However, an Islamic extremist military in Pakistan will be of concern not only to India but also to Iran, Israel, Russia, and the US. This also goes for China. For one can hardly expect China to remain indifferent to a nuclear autonomous Pakistan with Islamic extremist army generals in charge though such a collaboration between the Chinese and Islamic extremist elements has been envisaged in some scenarios, postulated by subscribers to the thesis of clash of civilisations. This possibility will figure increasingly in strategic dialogue among different nations. On the other hand there is also the possibility that Pakistan's nuclear capability may be kept under a tight leash by the Chinese. While China may allow sufficient leeway for Pakistan on nuclear capability to countervail India and scare the US in regard to its Gulf and West Asian interests, China may also act as a restraint to Pakistan. The world has yet to realise that nuclear Pakistan is not of concern to India alone. There are much wider ramifications involving the interests of other

nations. There are at least two American novels which speculate on Pakistan attempting to seize Gulf oil by using its nuclear capability.

While short range missiles are adequate to deter or threaten India, long range missiles is a different ball game: they would threaten the Gulf countries, Israel and US. If the Taliban-occupied Afghanistan becomes strategic depth for Pakistan then the Pakistani nuclear missile reach will get further extended. Pakistan from its inception has taken full advantage of its strategic location. Professor Stephen Cohen has said that "Pakistan belongs to that class of states whose very survival is uncertain, whose legitimacy is doubted and whose security-related resources are inadequate. Yet these states will not go away nor can they be ignored. Pakistan has the capacity to fight, to go nuclear, to influence the global strategic balance (if only by collapsing) and lastly is in a strategic geographical location, surrounded by the three largest states in the world and adjacent to the mouth of the Persian Gulf." Pakistan is also in a position to play off China and the US against each other.

INDIAN NUCLEAR STRATEGY

India has no intention of joining the club of nuclear hegemonic powers. While some people initially wanted India to be accepted as a nuclear weapon state there is overwhelming opinion in the country against any co-option into the nuclear hegemonic order. Keeping its minimum nuclear deterrent as an insurance against nuclear intimidation India would become a global player and would be one of the centres in a polycentric world; it could then focus all its attention on economic, technological, social and political development of the country The minimum nuclear deterrent provides the cover to do that, as it did for Deng's China. There are hardly any takers in India for building a nuclear arsenal on the model of five nuclear hegemonic powers. Today, the world has moved away from the doctrines of nuclear war conflict, from flexible response, from counter-force and other irrational formulations India is in a position to build a minimum nuclear deterrent steadily over a period of time, without getting sucked into an arms race. Perhaps it can downsize its conventional forces and use the money saved to modernise them.

In today's international strategic environment even high intensity interstate wars using regular armed forces are considered to be of very low probability.

This is because in the present-day political environment it is extrem costly to hold under occupation a population not willing to submit itself alien rule. The probability of a nuclear weapon being used is even low than that of conventional war, though the threat of use, especially an impli one may be of higher probability. For the last 53 years nuclear weap have not been used. Though the nuclear hegemonic powers and their all are not willing to accept that the threat or the actual use of nuclear weap be declared a crime against humanity, attitudes may indeed change with t passage of time in a polycentric world. Any nation using a nuclear weap will have to think of the consequences of legitimising its use to the wo community and itself. Perhaps the two largest nuclear weapon powers s possessing 90 per cent of the world's nuclear weapon stockpiles may affe to contemplate such action, but not the others unless their very survival at stake.

The real danger may not be posed by nuclear weapons which are existence today and which are considered unusable because of t environmental and collateral damage, but in the new mini and micro weap currently being designed by some nations and which are, at least at t moment, considered usable. Therefore, the Indian nuclear R&D shou continue to monitor the developments in this field and attempt to keep pa with them. This may have to be done at affordable costs as we have do with our nuclear weapons programme.

Our commitment to keep the nuclear arsenal only for deterrence a our pledge not to be the first to use it have now been reiterated by bo the president and the prime minister. There cannot be an Indian consens on possession of nuclear weapons except on the basis of no first-use should be noted that contrary to the popular view, no first-use was not Chinese patented doctrine. Its origin goes back to the Geneva Protocol 1925 when in the wake of the havoc caused by chemical weapons in t first world war, the international community adopted the convention not use chemical weapons and toxins. The possession of weapons was n prohibited nor was its retaliatory use. But the no first-use agreement was l and large successful and also demonstrated the general efficacy of the doctri of deterrence in respect of Weapons of Mass Destruction (WMD).

The Geneva Protocol was violated by the Italians against the Ethiopia the Japanese against the Chinese, and above all by Saddam Hussain agai

the Iranians. But, all these breaches were instances in which there was an asymmetry in which only the aggressor had the WMD and the victim did not. On the other hand, during the Second World War when both sides had the WMD (the chemical weapons) they were mutually deterred, and did not use the weapons even as the Allied Forces closed in on Germany and overran it completely. Hitler used the gas to massively murder the Jews in gas chambers but did not dare to use it in war against the Allied Forces. Saddam Hussain used chemical weapons because of the tacit encouragement he received from some of the permanent members of the Security Council, who did not act on the reports submitted by the UN inspection teams.

The real danger may not be posed by nuclear weapons which are in existence today and which are considered unusable because of the environmental and collateral damage; but in the new mini and micro weapons currently being designed by some nations.

No first-use and mutual deterrence are two sides of the same coin. The use of chemical weapons in the First World War did not yield victory to either side, but only resulted in senseless slaughter in Flanders — sometimes exceeding that of Hiroshima or Nagasaki in a day. There is today a similar understanding that a nuclear war is not winnable or fightable among two nations both armed with nuclear weapons. The success of no first-use strategy is crucially determinant on the projection of an image of credible capability for certain retaliation. Today it is very difficult for any nation to assume that it will be able to disarm its adversary totally and therefore it can get away with a first strike and can have the confidence of escaping retaliation. The US contemplated such a strike against the Soviet Union in 1961 when it had 17 to one superiority but could not be certain it would escape a minimum number of retaliatory hits. The ratio of missiles the US can aim at China is hundred times more than that of China. Yet mutual deterrence operates between the two.

In the strategic literature of the fifties, sixties and seventies, the strategy of deterrence has been derived mostly from factors of certainty in punishing retaliation. It has been overlooked that factors of uncertainty can also function

as a deterrent. If, for an initiator of a nuclear strike, the outcome in a particular conflict is not of sufficiently high stake then the uncertainty on the quantum and nature of retaliation may make him pause and reflect whether it would be worth the risk to initiate such a strike. For Pakistan, Kashmir does not constitute so high a stake as to induce them to consider escalating the conflict to a first strike with nuclear weapons and risk their cities and high dams in retaliatory attacks. Therefore, so long as India's retaliatory capability is credible deterrence, no first-use strategy will not normally come under challenge.

India does not have to follow the NATO strategy of using nuclear weapons to deter larger conventional attacks India can manage Pakistani conventional attack on its own. What China can mobilise on its Tibetan borders – which can only be a fraction of total Chinese forces is also not beyond India's capability to manage, especially if India modernises its forces Therefore no first-use strategy will meet India's security needs by deterring nuclear threats and guaranteeing certain nuclear retaliation

In order to ensure the credibility of Indian retaliatory capability India must legislate both political and military succession in command and control For that will send out a clear signal to potential aggressors that even a decapitation strike on Delhi would not cripple a certain retaliation in kind

The nuclear weapon is not a weapon of war but of mass destruction It is a political weapon meant for intimidation, deterrence and retaliation In India, as a democracy where the armed forces have always accepted the supremacy of civilian political leadership, the command and control of these weapons has to be structured suitably to ensure that they will be used only in retaliation on the command of the highest civilian, political authority of the land – the prime minister and in his absence by his legally designated successor. In the West, for the first ten years of the nuclear era the same position held good. Only when the doctrine of use of tactical nuclear weapons became accepted wisdom, the weapons were released to the armed forces and the power to use them was also delegated to them under certain circumstances. This was the era when fighting a war with nuclear weapons was considered feasible. Then they had to plan for safeguarding the weapons against accidental and unauthorised use. They had to formulate plans for launching weapons on warning and under attack. Those measures made the command and control for nuclear war fighting extremely costly

In India there is no need to follow those practices which originated in the basic doctrine of nuclear war fighting. As a nation committed to no first-use our forces have to be exercised to deliver a retaliatory blow after India is struck. If an adversary were to decide to strike India first with nuclear weapons there is no way of stopping it, except through deterrence with a guaranteed retaliatory blow. That would involve the warhead and the vector to be fitted together and launched on a pre-designated target. In such a system keeping the warheads and vectors separate and even the warhead assembly and the nuclear core separate are prudent measures, dictated by considerations of safety and security, and insurance against unauthorised use. Dispersal of these components would make the tasks of any adversary aiming to destroy our retaliatory capability more difficult. It would provide enormous flexibility and survivability for retaliatory force In arms control parlance this will be an advance over the much vaunted steps taken by the nuclear weapon powers who claim to have de-targeted and de-alerted their strategic systems.

India should also offer to engage Pakistan and China in nuclear confidence building measures, both officially and unofficially Any rejection of such an offer would indicate to the world that Pakistan is not interested in ensuring nuclear stability and would confirm China's interest in maintaining a nuclear hegemonistic global order.

The size of the Indian arsenal can be very modest There have been suggestions that weapons in two digits or low three digits would meet India's deterrent needs. India's willingness to join the fissile materials cut-off treaty is an indication that this country is extremely realistic in its assessment of its deterrent needs. The Federation of American Scientists has proposed scaling down the US deterrent force down to two hundred If that is adequate for the sole superpower which claims global responsibilities, a modest deterrent of the size mentioned above should be adequate for India.

NUCLEAR INDIA AND DISARMAMENT

Some people in India bemoan that with the acquisition of nuclear weapons it may have lost its moral high ground in campaigning for nuclear disarmament. This would amount to the argument that only countries which do not have armies and armaments can campaign for disarmament. The debate on disarmament in the international community could certainly

be conducted on grounds of morality and ethics; but only up to a po
of time when nuclear weapons were legitimised through the indefinite a
unconditional extension of the Non-Proliferation Treaty by the internatio
community. Thereafter any progress towards disarmament would co
about only on the basis of multilateral arms control negotiations. In th
negotiations, as the history of the last five years has revealed, those who h
no nuclear armaments have no role to play. This was demonstrated duri
the Comprehensive Test Ban Treaty (CTBT) when the five nuclear weap
powers had parallel negotiations outside the Conference on Disarmam
and all decisions were taken within that framework and were subsequen
imposed on CD including the infamous Article XIV, entry into force clau
The same drill was adopted during the NPT extension conference t
What many people in our country have not realised is that China is to
a well-integrated member of the five-power nuclear hegemonic club a
the Yalta Potsdam System. It may denounce the US unipolar hegemo
system along with Russia and France, but it has no intention of allowing t
five-power nuclear hegemonic system to be democratised

What the Indian nuclear tests did was to challenge directly the NI
hegemonic order and indirectly the Yalta Potsdam order The NPT as
is today, cannot accommodate nuclear India, Pakistan or Israel. They,
turn, will not accept the non-nuclear weapon status. Therefore, sooner
later, in spite of its indefinite and unconditional extension the NPT l
to be reviewed. That would be the occasion for India to mobilise the no
nuclear weapon states to apply pressure on the five nuclear hegemo
powers. Similarly, it is the correlation between the veto power status a
nuclear hegemonic status that has stood in the way of meaningful reform
the UN Security Council and in the progressive dilution of the veto pow
If the nuclear hegemonic powers are to attempt to expand perman
membership of the Security Council omitting India, the second most popul
nation, fifth largest market and the largest democracy, and now also
nuclear weapon power, they will only make a laughing stock of themsel
and the UN. Over a period of time an Asian balance of power involvi
China, India, Russia and Japan is bound to develop, and the US will fi
it difficult to deal with China bilaterally ignoring the other powers. Th
are all objective developments which will give India a powerful voice

global disarmament and security issues. There are also likely to be attempts at co-opting India into the existing system.

India is new to this game. The Indian political class, foreign office bureaucracy, academia and media have yet to reorient themselves to this new situation. The initiative for this has to come from the government. The traditional methods of functioning of the government of the last five decades have to change. Our reactive ways have to give way to proactive strategy formulation. Our initiatives on disarmament have to be based on a realistic understanding of military technological realities. Our normative approaches to disarmament have not even obtained the support of our non-aligned friends as was seen during the NPT extension, CTBT, and the resolution to declare use and threat of nuclear weapons a crime against humanity. If we are to play a proactive and effective role on disarmament and arms control, it cannot be done on the basis of inputs from one division in the Ministry of External Affairs Nor can it be done without the Ministry of External Affairs encouraging the development of a number of think tanks with appropriate interaction between them

What the Indian nuclear tests did was to challenge directly the NPT hegemonic order and indirectly the Yalta Potsdam order. The NPT, as it is today, cannot accommodate nuclear India, Pakistan or Israel. They, in turn, will not accept the non-nuclear weapon status.

CONCLUSION

The five declared nuclear weapon powers, Pakistan and Israel, became nuclear with clear strategies in their minds India, alas, has no tradition of strategic thinking and our foreign policy has not been formulated on the basis of realpolitik, though when driven to a corner we have practised it successfully, as in 1971. Nuclear weapons have always been looked upon justifiably as evil, and there was not much effort in studying the role of nuclear weapons in international politics. Nor were there any realistic assessments on how far the developing countries could stand up to the pressures of creeping nuclearisation of the globe. Successive Indian prime

ministers kept the Indian nuclear response to the China-Pakistan nucl collaboration a close secret, and did not share it with any of their colleagu The foreign office and defence bureaucracies and the services were out it. Consequently, when the tests were conducted the entire political cl was totally unprepared. Many of those who reacted against the test did because they felt the ruling party was trying to appropriate all the credit i it. In any case, very few had devoted detailed thought to the total implicati of these tests on the global scene. It will take quite some time for the Indi political class to get used to it. Over a period of time Indian perspecti will emerge partly influenced by Western thinking, partly as a reaction it, and partly as independent native empirical thinking Ultimately, t world will have much less difficulty in adjusting to nuclear India than nuclear Soviet Union and China Nonetheless, the impact of Indian te will be very profound since they constitute a challenge to a global nucl order that had been taken for granted since 1968

FINANCIAL TURBULENCE IN SOUTHEAST ASIA

The financial upheaval in Asia has had reverberations around the world. Trân Van-Thinh , Surendra J Patel and Gilbert Etienne attempt to comprehend the crisis and evaluate its regional and international ramifications.

LOOKING FORWARD

TRÂN VAN-THINH

Twelve months of financial turbulence in Southeast Asia (July 1997 July 1998) gives us sufficient distance to comprehend the crisis and evaluate its ramifications on the region and the world Like America and Europe, Asia must prepare itself for the next millennium. But the question that we have to ask ourselves is on what basis and in what way will it enter the next millennium, given the fact that on the eve of this embarkation into the next century, the turbulence has not ended

However, before analysing the consequences that the region and perhaps the world may have to face, it is important that we reflect upon the causes and consequences of the crisis, and all that is being done internationally to control and contain it.

CAUSES AND CONSEQUENCES

The crisis has spotlighted the dysfunctionality of a profligate, hypertrophic and corrupted banking system — a system that had, through the years, accumulated slipshod credits and questionable debts estimated to be running

into 80 billion dollars out of a global amount of 200 billion dollars. Fourteen out of 26 important Korean banks, for example, do not meet the solvency criteria established by the International Bank of Settlements in Basle. After the withdrawal and then the rupture of their traditional political connections, the banks were no longer in a position to control the horrendous consequences of an economic crisis that was caused by over-production. The Thai, Malaysian and Korean companies, for whom the exports represented 29, 79 and 27 per cent, respectively, of their total production, were no longer able to export. They had to, first of all, face the slow dwindling of their competitiveness which occurred in 1995 due to the rising rate of the dollar, and then, with the dollar continuing to rise, face the growing difficulties of marketing their products at a price that would economically meet the normal expectations of return. We must get to grips with the important fact that it was the continuous strengthening of the US dollar which incapacitated the ability of Thailand, and, rapidly thereafter, of Indonesia, Malaysia, Burma, the Philippines, Singapore, and now, even Hong Kong to maintain the exchange capacity of their currencies giving rise to the rapid deterioration of their commercial balance. And since maintaining the value of their currencies vis-à-vis the dollar was a *sine qua non* for the Southeast Asian financial markets to attract foreign capital (in search of quick and easy profits), all these countries were caught up in a sort of pincer movement from which it was difficult to extricate themselves. The unavoidable crisis imploded.

The financial turbulence resulted in the erosion of foreign reserves and the collapse of the stock market by about 30 to 60 per cent. There is a serious risk that this continuing deterioration may well climax into a global implosion, if Japan is unable to rapidly straighten out its economy and improve its banking system. Since the arrest of some leading Nomura officials in March 1997 scandals have been multiplying, and have brought to light the blackmailing of enterprises by the financial mafia — so much so that many have begun to wonder if the whole Japanese system is not going to be adversely affected. In any event, Japan is sick, despite its powerful and competitive economy, because the Japanese themselves do not seem to have any confidence in their economy, and even less so, in their financial institutions. The estimates regarding the questionable debts that Japan has accumulated approach almost 1,000 billion — more than the official figure of 600 million dollars. The crisis will become still more uncontrollable

should China be forced to devalue its currency. At the moment — even with its economy only partially open — China is aware of the fact that globalisation and the short-term precautionary measures it has taken could have a deleterious effect on its whole system.

The Asian financial and stock markets crisis goes beyond the classical market crisis that we have often witnessed in the past, for it is structural and profound, progressively spilling all over the planet with different variations in different regions.

If this can be resisted for another 18 months, a further currency decline of 20 to 40 per cent should not be catastrophic, since Korea and even Thailand, by that time, should be on their way to recovery. China should be able to hold out, given the fact that it has a commercial surplus of 40 billion dollars, and given the fact that it has 140 billion dollars of reserves. This is possible notwithstanding the downsizing of its public sector. On the other hand, if Japan and China are dragged into an economic abyss, areas like Hong Kong, Taiwan and Singapore may also go under. At the moment Hong Kong with its foreign reserves of 98 billion US dollars is adjusting its economy with the help of China to avoid a critical situation; but it is nonetheless going through a crisis, and the confrontation between the monetary authorities and the speculators has generated an element of uncertainty regarding the maintenance of the peg between the Hong Kong and the US dollar. Singapore with foreign reserves of 77 billion dollars is making efforts to minimise the effect of the crisis, while Taiwan with 83 billion in foreign reserves is prudently keeping itself at a distance.

One of the implications of globalisation on Hong Kong's economy, and that of the rest of the world is the contraction of air traffic in Asia. Many airlines have downsized their orders for Boeing and Airbuses; and many have indeed begun to wonder if Hong Kong's new airport, Chek Lap Kok is not going to be affected by the general slowing down of the economy. All indications are pointing in that direction — the direction of deceleration of aviation construction with the adverse collateral of a loss of hundreds of thousands of jobs.

In any event, the Asian financial and stock markets crisis goes beyond the classical market crisis that we have often witnessed in the past, for it is

structural and profound, progressively spilling all over the planet with different variations in different regions, depending on the level of their integration into the global market. The spillover effect is already becoming evident in the case of Latin America and Russia; the latter has shown a total incapacity for managing its transition to the global market economy. What is also happening is a crisis of confidence. Economic growth will be adversely affected, and will have an impact on the economies of the countries, depending upon the extent of their linkages with areas that are economically turbulent.

The underlying political, social and geopolitical dimensions of the crisis are increasingly surfacing — more and more so, with the reforms imposed by the international agencies which are coming to their assistance. It is a crisis that is comparable to the breaking down of the Berlin Wall. If the long term effects of this crisis cannot be identified with precision, one thing is certain: the very physiognomy of the global economy is going to change. In fact, even much before the fall of the Berlin Wall, and the demise of the bipolar world, the international system had already begun its transformation towards multi-polarity with the increasing integration of Europe and the greater manifestation of Asian dynamism. This metamorphosis had been accelerated by the downfall of the Berlin Wall, but it was slowed down — if not stopped — by the deceleration of the process of European integration, and even more so by the Asian crisis. The danger now is that this global incubation may lead us to the establishment of some form of unipolarity "a la Americaine", as we move into the third millennium. The one bright spot in the gloomy international landscape is the impending emergence of the euro as the new European Union currency; it should constitute a major element of equilibrium and an important rampart against any major slippage.

THE REMEDIES

Since the Asian countries that were assisted internationally, challenged neither the laws of the market economy, nor the logic of the open economy (including the financial market system inscribed in the programme of negotiations of the World Trade Organisation), they are now faced with the prospects of Western penetration, especially that of the US, into the Asian banking system. With the exception of Indonesia, all the other countries have ceded to the exigencies of the International Monetary Fund (IMF).

Since the Mexican crisis, the IMF has become the best ally of the United States and the Federal Reserve Board and their orthodoxies. In fact, since the Fund no longer has much available financial resources, it has become greatly dependent on the whims of the United States' Congress (14 billion dollars) for its capitalisation. The Clinton administration — particularly its Secretary of Treasury, Robert Rubin — is continuously exploiting the situation with the argument that, with the growing sensitiveness of the international monetary equilibrium, the US has to safeguard its commercial and security interests, and therefore must exercise its role of a global leader. Clearly the IMF, supported by the US and the G-7, has become an instrument of US hegemony due to the absence of any counterweight. But the financial capacity of the IMF is weakening because of the Russian crisis.

The pill that has been jammed down the throat of the countries in crisis is indeed very bitter. Thailand is still in a critical state, but has not yet reached the bottom-most rung of the calamity ladder, this means much more adversities are still in store — more unemployment, additional decline in revenues, higher prices and horrendous social consequences that the country may not be able to endure. Korea has done much to extricate itself from the crisis through exceptional efforts by a new and credible leadership but the powerful conglomerate -- the "Chaebols" — holding the majority of the dubious credits of Japanese and Korean banks, continue to resist making any sacrifices. They are resisting all efforts by American and European industrial conglomerates to buy them off. Although the uphill road is slippery one can confidently state that the manner in which the Koreans are surmounting myriad obstacles, and prevailing over their crisis is exemplary — in any event more exemplary than its developmental model. All the symptoms for its cure are indeed present, and Korea once again should have a brilliant future, unless of course, China and Japan drag Korea into another whirlpool of crisis. One should not forget the important fact that the Koreans are resourceful with a saving rate as high as 35 per cent — the highest in the world, and with a consumption rate two times less than Japan's, and three times less than that of Europe and the United States.

All these sombre indications lead us to wonder if the administration of excessive antibiotic treatments is not having the opposite effect of sliding these countries into a recession.

Apparently the IMF has used the same remedies for Asia, as it did for Africa and Latin America in the past. Yet the illnesses are dissimilar and the symptoms are disparate. How can one transplant Latin American remedies Asia? The utilisation of orthodox and classical conceptions of closing down badly mismanaged Thai, Korean and Indonesian financial institutions has had the opposite effect. It has resulted in the massive withdrawal of capital from healthy and well-managed institutions. Furthermore, the radical devaluation of the Thai baht, Malaysian ringgit and the Indonesian rupiah has delayed the re-launching of exports, has stemmed the amelioration of current accounts, and has depleted foreign reserves. The deficits are still very important. The slight recovery visible in commercial balances is due to the contraction of imports, rather than due to the expansion of exports (Eight hundred million dollars for Thailand, and 1,400 billion for Indonesia during the last trimester of 1997). This already difficult situation may deteriorate even more when stocks of primary commodities are depleted without their being reconstituted through letters of credit – undoubtedly an important instrument for foreign trade, especially with national currencies devalued to the tune of 40 to 70 per cent, and with the import component representing 30 per cent of Indonesian, 40 per cent of Thai and 70 per cent of Malaysian exports. Devaluation of such a severe nature is breaking down Southeast Asian export mechanisms. Besides, the instability of the financial markets has contributed to accentuating the price of gold, coal, copper, iron, and nickel, not to speak of oil.

Apparently the IMF has used the same remedies for Asia, as it did for Africa and Latin America in the past. Yet the illnesses are dissimilar and the symptoms are disparate. How can one transplant Latin American remedies to Asia?

The drop in the value of Asian currencies has generated artificial and abnormal competitiveness, without forgetting the "monetary dumping" that was carried out, the purpose of which was to limit the adverse social effects and break away from the crisis. The Asian countries really had no other choice but to export massively towards open markets, especially towards the US where the unilateralist and protectionist Congress, composed of politicians without any vision, remains vigilant. But these Southeast Asian devaluations

have generated the downsizing of prices, the destruction of acquired r
and the reduction of salaries, revenues and consumption; all these are
of the basic and classical elements for a deflationist spiral, generally charact
by the simultaneous decline in prices and economic activity.

The social consequences are going to be hard and long-lasting
millions of jobs suppressed or threatened. The economy of a nation ca
be constructed at social costs, for any stagnation or dysfunctionality
result in social regression. The scenario is well-known and this descent
"hell" is cruel and traumatic. Because of this, political ramification
increasingly surfacing in the area Political changes have already taken
in Thailand, Korea and Indonesia, and they cannot be avoided in Mal
the Philippines, Myanmar, and even Vietnam

PERSPECTIVES

In addition to the paucity of available resources to meet Southeast
needs, the crisis has highlighted the deficiencies of the IMF. The de
regarding the reforming of the International Financial System have be
important and urgent.

But how can we remedy the lacuna in the whole system? The Ba
International Settlements did send out alarming signals, but this was
vain. They had no effect on the governments Is it possible to impose
on errant capital, as suggested by the Nobel Prize Laureate in Econo
James Tobin, in order to reduce the risks of volatility of the fina
markets that elude all control? Today, the international financial ma
represent the enormous figure of 360 trillion dollars of trade every y

How can we control the risks linked with financial liberalisation?
conceivable that in this era of planetary economy and gloablisition of pol
economy, only the financial aspects should be attended to, to the excl
of all the rest? Is it possible that the removal of the gangrenous tissues
suffice to stop the gangrene? It is indeed very doubtful.

After World War II, US statesmen with vision had attempted to
establish a three-pillared global economy based on the Bretton W
Institutions, (WB, IMF, GATT). But it was also the Americans who
destroyed the international monetary system in August 1971. And
destruction of the Berlin Wall had opened the door to the globalisatio

the economy and to the hegemony of the US, the IMF and the World Bank. This US hegemony of the global market economy, with no counterweights, and with no real multipolarity, is unavoidably going to result in all sorts of explosions, especially in the social sector.

Time has indeed come to re-consolidate the three pillars — trade, money, finance -- to assure a new convergence. In this connection we should have a new Bretton Woods agreement. The G-7, in its meeting in London in February 1998, had selected five sectors for a discussion, one of which was — though timidly evoked — the functionality of the global markets through some control and some regulations. But the G-7 summit did not discuss the past crisis, and the future was not even evoked. They seem to consider that this is an automatic process, and there is a quasi mechanical interaction between money, trade, and finance. And yet at the Uruguay Round in Marrakech, a ministerial decision was taken regarding the WTO's responsibility for taking normative steps for greater coherence when elaborating political economy at the global level

The moment has come to reflect upon the subject to begin the process of coherence so vital for a globalised economy

HOPE

A new era, spurred by American liberalism, is emerging, and is expanding through actions initiated by the US and international financial institutions. The world-wide diffusion of a unique economic model, spawned by the US, which took shape in 1970, and which has become hegemonial must be equilibrated at any cost. In any event, the excess of American liberalism, and the disequilibrium it has injected into the international system will not stem, in medium term, the ongoing process of European integration and Asian revival.

In the long run, successful European integration and the re-emergence of Asia (reaching 55 to 60 per cent of Gross International Product by 2025) will re-equilibrate the unipolarity and US domination. This should re-adjust the planetary economy towards greater multipolarity based on three inter-dependent pillars — America, Europe, Asia. It should be noted that the terminology America covers USA, and Asia englobes China and Japan and ASEAN.

But this triangular perspective should also include India. India i biggest democracy in the world with a population of almost one b consumers, importers and exporters. It is expected to become one c great nations of tomorrow, despite the fragility of its governments, v have become mired in coa politics since more than a de The key to Indian power w course be forged — thougl exclusively — by economic gr But, its strategy is to progress sl steadily, and cautiously tov liberalisation Economic reforn evolving in a steady manner country is not in a hurry to pri the public sector, to libei insurance, or to suppress agricu subsidies. Since 1991, successive governments have avoided ably any crisis, which has often manifested itself brutally in other countries v structural adjustments were carried out. An India, which knows how t no, is carrying the message "*urbi and orbi*", that it wants to go along globalisation, without submitting to American hegemony And it wa occupy a place that is legitimately hers. The saffron India, symbolic c of the *Bharatiya Janata Party* and Hindu Militancy is a young nation wi old civilisation possessing pluralist traditions. It is discovering its m identity. But the world will need several centuries to absorb the ne and perverse effects of the partition of the subcontinent in 1947. For i indeed an error in the history of mankind.

An India, which knows how to say no, is carrying the message "*urbi and orbi*", that it wants to go along with globalisation, without submitting to American hegemony. And it wants to occupy a place that is legitimately hers.

India thus is entitled to a place in the triangular edifice along with America and Africa as we move into the third millennium. In any e we must understand that economic growth is neither an outcome of a or a miracle, but is the result of, everywhere and always, the adoptio economic policies that are healthy and coherent.

FINANCIAL TURBULENCE IN SOUTHEAST ASIA

ECONOMIC MIRACLES AND MIRAGES

GILBERT ETIENNE

Within less than twelve months, from the summer of 1997 to the spring of 1998, Asia has been the theatre of several turmoils. In East Asia, economic mirages have succeeded economic miracles, following the sudden financial crises. But this is not all, there have been political ramifications too. South Korea has become almost a battle ground between workers and the establishment. In Indonesia, President Suharto had to resign in May 1998, adding an uncertain political future to a dramatic economic situation. Then, South Asia entered a new era of turbulence following the nuclear explosions in India and Pakistan, with a renewal of tension between New Delhi and Peking, after more than a decade of continuous diplomatic interaction.

While all these events keep making headlines within Asia and outside, a number of countries suffer from other creeping diseases that are much less publicised. Agricultural development has slowed down in most countries. Accounting for 20 or 30 per cent of GDP and employing 50 to 60 per cent

of the active population, agriculture still plays a major role in the economy of most Asian countries, except South Korea and the province of Taiwan. In addition, very serious imbalances have emerged between advances in electricity and transport on the one hand, and GDP growth on the other. Environment has become a major issue in many countries of the region.

At the beginning of 1997 according to most forecasts, the momentum of fast growth was expected to continue in East Asia. In New Delhi, a number of political leaders and economists had confidently declared that the seven per cent growth of the past three years, was bound to continue and even touch eight per cent, thus enabling India to join the Club of Dragons and Tigers. Following the return to power of Nawaz Sharif, the economy in Pakistan was supposed to move faster.

In its yearly report (March 27), the Asian Development Bank, in fact was forecasting high growth rates in most countries. In its issue of June 19 *The Far Eastern Economic Review*, published a long article, "Cassandras confused", where the rare prophets of doom were derided. One week before the crash in Bangkok, I attended a conference in Paris under the auspices of the Asian Development Bank and the OECD ministers, where senior civil servants, well-known experts from Asia and the West, acclaimed the Asian miracle. The new notes of caution that were expressed were not heard. On March 1, *The Economist* was talking about "Asia's precarious miracle?", and in *Le Monde* (January 21) the Hong Kong correspondent was characterising the banking and real estate system as "time bombs" in East Asia.

The weaknesses and defects of the financial systems did not spring up overnight. Since 1994-95 they had become quite obvious: real estate speculation, bad debts, lack of transparency of the banks, corruption, crony capitalism and so on. In China and India, after the fall of 1996, one could even notice a clear deceleration of the economy. As far as Asians are concerned, one can understand up to a point that since so many people were benefiting from the system, they were reluctant to denounce its shortcomings. More puzzling is the behaviour of their foreign partners: the heads of banks and other multinational corporations, the senior staff of multilateral agencies, so many economic pundits that one heard at the World Economic Forum in Davos.

It is beyond the scope of this article to fully explain this lack of adequate appreciation of the coming storms, but, at least, one can advance a few explanations. In many private corporations people with a deep knowledge of Asia, or at least of some countries in Asia, are rare. In addition, the tyranny of fashionable ideas promoted by mass media were rampant. This led to poor appreciation of actual markets, and as a consequence, of the over-capacity of many industries.

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The car industry is typical. Even before the crisis, there were signs of overcapacity in Thailand and Malaysia. In 1997 in China, only Volkswagen in Shanghai was using most of its capacity: 230,000 cars were produced out of a capacity of 250,000, but the output of Citroen in Wuhan was only 28,000 units out of a capacity of 150,000, Peugeot's in Canton was only 1,600 with a capacity of 50,000 units. Roughly the same situation is evident in India, if not worse. A dozen car manufacturers should reach a total capacity of one million cars by year 2000, which is absurd considering economies of scale: in the US, 11 companies produce 10 million cars a year. Besides, it is doubtful that the market and possible exports will be able to absorb such a production. Other instances of over-capacity and wrong appreciations of markets can be cited for items such as semi-durable goods, air-conditioners, refrigerators, washing machines. .

The American manager of a joint venture in Shanghai was quite frank when stating what could be applied to many other foreign investors, "We thought China was the largest market in the world. It was an emotional decision, but we were wrong". (*Far Eastern Economic Review*, December 16, 1997). One can therefore understand why, in 1996, 61 per cent of the joint ventures in China incurred a loss, amounting to a total of 6.6 billion dollars according to the Finance Ministry.

The case of India is no less disturbing. Already, by the beginning of 1997, a future growth rate of 7-8 per cent looked very doubtful, as Dr Manmohan Singh expressed it (*The Economic Times*, January 23). Similar

views were expressed by this writer. (*Business Standard*, February 17). In spite of lower growth in 1997/98, the budget projected a growth rate of eight per cent for 1998/99, while the Confederation of Indian Industries in its "economic vision" for 2002/03 claimed a GDP growth of nine per cent and an industrial growth of 15 per cent (*Financial Times*, May 16-17, 1998)

AGRICULTURE

Since the 80s, agriculture has taken the back seat in development policies in most of Asia. The opening of the economy, liberalisation, foreign investments, transfers of technology, growing urban middle classes are the dominant features of the region. Yet, agriculture still plays a major role in the economies of the region.

The Chinese proceeded with a new agrarian revolution in the early 1980s whereby agriculture was decollectivised. This boosted production along with the rampant emergence of so-called townships and village enterprises (TVE). Private trade and better local transport also expanded in a spectacular manner. Yet, from the mid 1980s, the output of major crops slowed down for lack of public current expenditures and investments, be it for hydraulic works, basic research and extension services, or better rural infrastructure. Such trends were only partly compensated for by further progress in animal husbandry, meat production including poultry, and fruit and vegetables.

In India and Pakistan, too, agricultural growth was slowing down. The share of production-oriented expenditures in the totality of public funds devoted to the rural economy in India — declined from 60 per cent in the early 80s to about 40 per cent following the enormous increase in subsidies of various kinds and special programmes for the poor.

Hydraulic works (maintenance work and new investments) for irrigation, drainage, flood control have been totally inadequate for a number of decades. In February 1997, B N Nawalawala, from the Planning Commission in New Delhi, one of the best experts in the field, told me, "If radical measures are not taken, in ten years we will face very serious difficulties." Other weaknesses are no less significant, in research, seeds renewal, and extension services. So far, India has been lucky since the last really bad monsoon occurred in 1987. But one day it is bound to recur!

The situation is even worse in Pakistan where canal irrigation is more important than in India. The canals — key factors of agricultural development in the Indus basin since the end of the last century — have become the main stumbling block on the road to further progress. The maintenance of the canals has been neglected for so long that a colossal amount of public money is needed to improve them and allow further growth in crop yields. Besides, investments are equally needed for new projects. As for research, extension services, rural infrastructure, the situation seems even worse than in India.

In Bangladesh, progress has been encouraging in the last few years, but the magnitude of the tasks is aggravated by floods and cyclones which can be more devastating than in India or Pakistan. Vietnam has followed a path rather similar to China: decollectivisation of agriculture leading to a first phase of rapid growth, followed by stagnation due to the lack of public investment and current expenditure needed for a further boost. Indonesia which went through remarkable progress in agriculture in the 1970s-80s is now in difficulty. Nature was particularly unkind in 1997, with a dramatic drought, and with the rice deficit reaching four million tons in 1998, in comparison to one to two million in previous years. The situation is less tight in Myanmar and Thailand, but a lot could be done to improve the hydraulic systems. One of the most distressing points is that the weaknesses in most countries mentioned above have been well-known, at least by specialists, for fifteen years or so, but these warnings were ignored.

Since 1996, in China and in South Asia, one notices a renewal of concern for agriculture. The new five-year plans introduced or in preparation in Beijing and New Delhi envisage the investment of more public funds into agriculture and hydraulic works. Yet it remains to be seen what will be actually achieved. In Pakistan and Indonesia the financial situation is so tight that massive efforts appear doubtful. The general slowing down of the economy in China and India and the financial constraints — though of a different nature in both countries — may prevent drastic measures in favour of agriculture.

In order to understand the magnitude of the requirements, consider the hydraulic works. Following official estimates, in China two-thirds of the 84,000 reservoirs and two-thirds of the 264,000 km of dykes are in poor shape. In India, 27 million hectares depend on irrigation canals which are

too often in a deplorable condition, and the same can be said of the 56,(km of canals irrigating even more badly 14 million hectares in Pakistai

These trends do not mean that Asia is heading towards catastrophies, . towards massive famines as in the past, but, if a really bad monsoon w to hit several countries at the same time — as has already happened — situation could get worse I doubt, most countries are keep reserves of cereals as buffer stoc However, their economies wo be badly shaken at a time wl they were already under strai

These trends do not mean that Asia is heading towards catastrophies and towards massive famines as in the past, but, if a really bad monsoon were to hit several countries at the same time — as has already happened — the situation could get worse.

Finally, one must empha another factor hinderi agriculture The urban elit including a number of politicia are increasingly cut off fr villages While the farmers , better informed of what happens outside their little world, towns dwell are more and more ignorant of rural societies and of their developm problems.

INFRASTRUCTURE ELECTRICITY AND TRANSPORT

The growing gap between GDP growth and advancement in electri and transport is another creeping disease in a number of Asian countri although it was discernible already in the 1980s if not earlier To kee harmonious process of development of one per cent growth of GD electricity and transport must, each, grow by 1.2 - 1.4 per cent In Chi for example, since the beginning of the reforms, and more so when grow reached 10 per cent or more in recent years (until 1996), progress in electric and transport have lagged behind. The gap is no less serious in India in sp of a slower growth of GDP. As a result, the economy suffers in both ca from enormous losses due to two sets of factors: the lack of maintenance a operational expenditures for power stations, transmission and distribution, which one should add thefts of electric current, and non-payment of electric bills. Electricity being subsidised, it is not possible to collect enough mon

to properly maintain power houses and their networks. Second, additional investments to cope with the demand are insufficient.

In 1997, the situation partly improved in China, with the construction of new power houses. The slowing down of the economy may also have helped to reduce the gap, but the issue remains quite serious. In India, the power shortage is getting worse in spite of the deceleration of the economy. The fast track policy, introduced in the early 1990s to attract private foreign and local capital, has not been successful. The 1998/99 budget does not lead to much optimism either, and one must fear that a number of agreements with US companies may not materialise or be delayed because of American sanctions following the nuclear tests.

One must also raise questions concerning the attempts to improve the efficiency of the State Electricity Boards. The regulatory commissions introduced to increase prices, particularly in agriculture, face the opposition of short-sighted politicians.

In China, the shortage of electricity cost 28 billion dollars in 1993. In India it is between one and three per cent of GDP, ie, three to 10 billion dollars, figures which may increase in the immediate future.

The story of transport is also similar. In 1995, for instance, China's GDP grew by 10.2 per cent versus over 6.5 per cent for freight. Delays, lack of trains, and road congestion led to losses of 7.5 billion dollars in 1995.

In India, the shortcomings of road transport involve losses of four billion dollars per year. As to ships, they may take four to 10 days, if not more, from their arrival at a port and their departure, whereas in Singapore unloading and loading take six to eight hours.

To remove these imbalances *The Indian Infrastructure Report* (Ministry of Finance, 1996) gives an estimate of 330 billion dollars for investments in electricity, roads, telecommunications, ports, and urban infrastructures for the period 1996-2006. One should also add several billion dollars to cope with the requirements of railways and agricultural hydraulic works. China envisages a programme of 750 billion dollars for all infrastructure tasks for the next three years, a very high figure compared to the World Bank's estimates of 900 to 1000 dollars for 1996-2010.

Though similar data is lacking on other countries, it is safe to state that Vietnam also faces enormous infrastructure constraints in electricity and transport which is unable to keep up with the fast growth of the last few

years (around nine per cent annum). In South East Asia, the gaps may reduced following the financial crises and a very slow or negative grov As to Pakistan, it has been remarkably successful so far — unlike China India — in attracting foreign direct private investments in electricity, bı is now facing another type of problem which may affect future fore investments. The WAPDA (W and Power Developm Authority) has no money purchase the electricity supp by the new private power pla Besides, there is a tempor surplus of installed capacity to the sharp deceleration of economy (plus 1.3 per cent 1996/97, perhaps around five cent in 1997/98).

It is still too early to measure the impact of the reforms. Political risks are heavy, and there have already been cases of unrest in towns where the majority of the workers were, until now, in the public sector.

THE PUBLIC SECTOR IN CHINA

While weaknesses in the public sector (heavy losses, poor manageme etc) can be found in a number of Asian countries, they are particul important in China. State-Owned Enterprises (SOE) no doubt play a sma role than in Mao Zedong's days They account for about 35 per cent industrial output versus 80 per cent before the reforms Yet they h absorbed so far 70 per cent of public loans often just to survive, and in m cases the SOE are unable to repay their debts In 1997, the losses regist by "inefficient SOE stood at nine billion dollars" (*China Daily*, March 1998). For India, the latest report for 1996/97 put the annual losses of central public sector at nearly two billion dollars.

After a number of failed attempts to reform SOEs since the 1980s, new prime minister, Zhu Rongji, has pushed radical changes, whereb number of small SOEs would be transferred to the collective or the priv sector. Others would be amalgamated or declared bankrupt. As to the la SOEs, they should be revamped. Already 9.7 million workers have lost tl jobs out of about 110 million employees. At the same time, the bank system, which is in very poor shape, is being reformed in order to av

dubious loans and patronage. It is still too early to measure the impact of the reforms. Political risks are heavy, and there have already been cases of unrest in towns where the majority of the workers were, until now, in the public sector.

In India, the public sector plays a comparatively smaller role, but significant changes have been slow to come, especially in the Central public sector. To quote an editorial of *The Economic Times* (June 22, 1998), "Public sector units reforms remain, sadly, on the backburner." As in China, such reforms are heavily loaded with the fear of laying off extra manpower and disturb various links of patronage.

ENVIRONMENT ISSUES

In the whole of Asia, environment issues have reached a most dangerous point. One can understand that governments gave priority to growth in the early phases of development, because it was the safest way to reduce poverty. Now, damage to environment needs to be tackled seriously on a massive scale, be it pollution, soil erosion or deforestation. Awareness is growing from Pakistan to China, and new legislation to protect the environment is being introduced, but its implementation is far from easy. Moreover, where to find the money? In China, $54 billion would be needed between 1996 and 2000 to improve the situation. In India, damage to environment is estimated at 10 billion dollars per year.

THE ECONOMY OF LEAKAGE

In spite of the increase in the flow of private, foreign direct investments the private sector can play but a limited role in order to develop major hydraulic works, electricity, and transport or to improve the environment. For instance, so far there has been no rush for BOT infrastructure projects (build, operate, transfer) in several countries, including China and India. Even if the conditions offered by the governments become more attractive for private corporations, the tasks are so enormous that the State is bound to remain a key actor, provided it can gather enough public savings.

There is wide room for manoeuvre provided *the economy of leakage* can be curbed. This refers not only to corruption, it includes wrong allocations

of capital, excessive expenditures, real estate speculation, smuggling, t evasion, default loans, dubious subsidies of populist nature and so on. Th writer could gather estimates for some countries but it would be surprisi if such losses were confined only to them.

CHINA			
Squandering of public money	12	billion dollars	1992
Smuggling	30	" "	1993
Bad debts, default loans	200	" "	1997
Real estate speculation	24	" "	1997

INDIA			
Tax evasion (per year)	30	" "	
Default loans	11	" "	1996
Black money outside India	40	" "	
Subsidies as share of GDP	15	per cent	1996/97

(A large part of the subsidies have no social or economic justification l t seek to attract votes!)

PAKISTAN

Around 10 billion dollars per year through smuggling, tax evasion, defau loans, etc.

Corruption is now widely discussed in the World Bank and oth international agencies. It is denounced very frankly in many Asia countries. Since 1996, anti-corruption campaigns in China have enabled th authorities to recover some money. In India the judiciary has come ou against corruption. Such a move has also begun in Pakistan. Howeve progress in this sector is hampered by vested interests and in several countrie by weak governments.

Many Westerners sermonise Third World countries about "goo governance", about corruption, waste, and malpractices, but these flaws ar not absent in the West and in Japan. That is why we are ill-placed to pa moral judgements on others. The only difference is that in advanced countrie they can more easily afford leakages (which may also be more limited)

because they are richer. Besides, corrupt practices by some highly educated members of Western elites, belonging to well-off families, are more shocking, morally speaking, than the behaviour of persons like Laloo Prasad or Jayalalita who are of humble origin!

THE NUCLEAR TESTS IN SOUTH ASIA

A fast and sustained economic growth requires a relatively peaceful environment. This has been lacking for the past fifty years in India and Pakistan Tensions, wars, heavy military expenditures have prevailed, and the situation has further deteriorated with the worsening conditions in Kashmir since the end of 1989.

Both governments have so far shown a lack of imagination, by continually going back to the conditions of partition Is it not time to look towards the present and the future with regard to the Kashmir valley, which, unlike the other parts of the former princely States, is the real issue? In both countries one comes across persons who are tired of this protracted cold war, and who favour a real rapprochement involving sound regional cooperation

What will be the impact of the nuclear tests? For the time being not only has tension increased between Delhi and Islamabad, but following the questionable statements of the Indian Government on China, a new era of rivalries has been opened between the two countries. Could one hope that wisdom and realpolitik will finally prevail, leading to a large package deal on the Sino-Indian border and on an arrangement about the valley of Srinagar? Weak governments in Delhi and Islamabad do not favour such prospects.

In the meanwhile, the economy, on both sides will suffer, no matter the magnitude of the sanctions. Apparently, nuclear tests and prestige politics matter more to the BJP, than poverty alleviation. As Jagdish Bhagwati declares, "I do not think that anybody respects us more for the nuclear test. On the economic front the only way people will respect you is by making a powerful dent on poverty." (*Business World*, June 22, 1998). Similar views were expressed in Pakistan by Air Marshall (retd) Z A Chaudhry, (*Dawn*, June 23, 1998).

SUMMING UP

After the excesses of optimism regarding Tigers and Dragons, and China and India, one should not fall into the other extreme, the extreme of pessimism. The financial crises in East Asia will take time to settle. Yet provided proper remedies are applied there is no reason why these countries should not be able to resume their growth process, although at a slower pace than in the 1990s.

As far as China and South Asia are concerned, a number of weak links are apparent in their economies. They will take a number of years to be eradicated. In the meanwhile, growth cannot but follow a slower pace.

As far as China and South Asia are concerned, a number of weak links are apparent in their economies. They will take a number of years to be eradicated. In the meanwhile growth cannot but follow a slower pace. In China, it could be around seven per cent in 1998, versus original hopes of eight per cent. In India, a growth rate substantially higher than five per cent for the years ahead looks doubtful. If the weather turns bad, it could be even less. As to Pakistan, after the abrupt fall to 1.3 per cent in 1996/97, growth has picked up in 1997/98 (four to five per cent), partly due to bumper crops of wheat and sugarcane. A faster growth, however looks doubtful.

A better future depends on the quality of political leadership. In East Asia, in the mid-eighties political problems were centred on Indonesia following the fall of President Suharto. So far, Thailand, Malaysia and South Korea have escaped a major turmoil, but political troubles could occur.

In South Asia, the governments are quite weak. The BJP is shaky and its grasp of economic issues is not impressive, as shown in its budget, which has been severely criticised. It may not be able to attract the badly needed foreign investments from the multinationals who were disappointed in East Asia. In Islamabad, the government's achievements in both politics and economics is not particularly striking either. The nuclear tests and the internal situation in both the countries explain why they have been downgraded in financial markets.

China has so far been luckier than the South Asian countries. Jiang Zemin has shown much ability after the death of Deng Xiaoping in 1997. In addition, he can rely on Prime Minister Zhu Rongji, a man of character, and great competence, who has a sound understanding of economics. In spite of these assets, China may nonetheless face political turbulences — the magnitude of which is difficult to forecast — if the economic deceleration goes far enough to generate increasing unemployment. Besides, unlike India, China still lacks well-rooted political institutions. As for the judiciary and legal systems, though progressing, they need further new improvements.

One must add other factors, often contradictory, which may affect the future, one way or the other. The deregulation of the economy in China, India, Pakistan and other countries enables the private sector (and in China also the collective sector) to be less hindered by awkward state interferences as in the past, so that, up to a point, even under weak and unstable governments the economy can move forward. However, and contrary to popular rightist dogmas, the state has still a major role to play in order to develop infrastructure, reform the banking system and the public sector, reduce the fiscal deficit, improve the environment and so on. Governments, too weak or not competent enough to take radical decisions and implement them, are obvious handicaps.

The more optimistic side of the picture is that in Asian countries, new generations are coming up, for example, young and smart entrepreneurs, farmers who are developing orchards or vegetables making money out of small plots of land, traders of all sizes etc. Many of them have a much better grasp of economic issues than their predecessors. The more educated ones do extremely well, like the Indians in software, or the telecom equipment manufacturers in China who, after a few years "have taken nearly half of the huge Chinese market from big foreign companies" (*The Economist*, June 27, 1998). Plenty of larger firms are also emerging in other Asian countries from Pakistan to China, with alert, well-trained and imaginative managers.

Finally, regarding foreign investment while serious difficulties exist in many East Asian countries, the same cannot be said about China and South Asia, which remain large markets, even if growth has slowed down. The main challenge for multinationals is to improve their country analyses and forecasts, in order to avoid losses.

Financial Turbulence In Southeast Asia

SEEKING SOLUTIONS

SURENDRA J PATEL

The upheaval in East Asia was most unexpected because people had become accustomed to thinking of the East Asian Countries (EAC) as highly successful "miracle makers", a phrase popularised by the World Bank. (*The East Asian Miracle: Economic Growth and Public Policy*, Oxford University Press, 1993). Since global attention particularly by the financial community, has been riveted on East Asia, it is not surprising the vibrations of the upheaval severely affected stock exchanges and speculative markets the world over. In one single day in October 1997, the Wall Street Stock Exchange lost $500 billion of the value of its stock, ie about double the GDP of India in recent years.

The upheaval has understandably raised many questions about the crisis. How did it happen? What were its causes? How did it spread? Why mainly to four East Asian countries, and not to all of East Asia? Why was it not anticipated? Why did the IMF and the World Bank rush to their rescue? How long will it last? What can be done now, individually and collectively, by the affected countries? Many similar questions could be easily added to this list

The crisis began only twelve months ago. We have neither the much needed detailed information nor even adequate analytical tools to diagnose its causes and forecast its consequences. Nobody can therefore, pretend to offer with confidence an analysis of the crisis. This essay too is somewhat preliminary and necessarily sketchy. But an attempt has been made to discuss a few questions hoping to throw some light on the financial situation in these countries. It is important to warn readers at the outset that our concern here is not limited to a short time span, but to a longterm perspective — a perspective essential to comprehend the issues involved.

EAST ASIA SPRINTS AHEAD

A broad East Asian development strategy influenced ten regional countries in succession: Japan, Taiwan (China), Hong Kong (now part of China), Singapore, South Korea, China, Malaysia, Indonesia, Thailand and the Philippines. Japan was the pioneer. The others followed in a "flying geese pattern", adjusting the broad general strategy to suit their economic, political and social conditions and their natural endowments. Therefore the strategy followed by each country was in several ways different from that of the others. And so were the results achieved by each of them.

The ten countries together are densely populated. Their collective population totals over 1,700 million. This is equal to half the population of the whole of Asia, two and half times that of Africa, four times that of Latin America and the Caribbean, and two and a half times the total population of the so called rich countries of the West. In all, their combined population equals about 40 per cent of the total population of the South countries.

Much more important than the size of the population was the swiftness with which they achieved their transformation. Their High Rate Development (HRD) varied form seven to 10 per cent per year, lasting for some 30 to 35 years. The rates of growth were two and a half to three times higher than those ever sustained by the rich countries over 10 years during the past 150 years of their development. None of these countries were ever able to sustain even eight per cent rate of growth for more 10 to 15 years.

In 1950, the combined share of these countries' Gross Domestic Product (GDP) amounted to some five per cent only of the world output. By 1995, their total share jumped to 25 per cent of the world total. And that share.

would be even higher if their GDP output was measured in Purchasing Power Parity (PPP) terms. Thus, since the very beginning of the Industrial Revolution, for the first time a new global economic centre emerged in East Asia that ranked as the third major economic centre in the world. This created a sense of pride not only in Asia but also in the South countries as a whole, just as the defeat of the Russian Navy by Japan in 1905, filled the subjugated people of Asia with pride.

In 1950, the combined share of these countries' GDP amounted to some five per cent only of the world output. By 1995, their total share jumped to 25 per cent of the world total. And that share would be even higher if their GDP output was measured in Purchasing Power Parity terms.

Even more striking was the rapid social development in these countries. In major social indicators such as life expectancy, under five infant mortality, daily calorie intake, adult literacy, higher education of both men and women, and health in general, most of the East Asian countries have almost caught up with the social levels reached by the West. Many of them, however, lag behind in some areas like the supply of safe drinking water to all and the level of their real per capita incomes. With the exception of a few states (Sri Lanka, Kerala, India, and Cuba, this was the first large group of South countries, which had advanced to such high levels of social development. Here was a unique example showing that an accelerated social advancement of the people was achievable together with a high rate of economic development.

The foreign trade of these countries added up to over $1,000 billion or over one-fourth of the world total and about two-fifths of the exports of the entire Western industrially advanced countries (excluding Japan). Their share in world trade rose from only five per cent in 1950 to as high as 25 per cent by 1995; and even their foreign exchange reserves added up to 45 per cent of the world reserves.

This spectacular chain of achievements was abruptly interrupted in four East Asian countries by a complex combination of factors, that finally exploded into a crisis.

THE CRISIS EXPLODES

There are several misleading generalisations about the so-called "financial crisis" in East Asia. We should therefore be clear about what we are generalising here. To begin with, the media and even many scholars have carelessly used the general phrase East Asia to describe the crisis The reality, however, applies to only four countries — Thailand, Indonesia, Malaysia and South Korea. The other countries, including Japan and China, were really not involved in any similar financial upheaval in East Asia.

The combined population of the involved four countries (300 million) and GDP ($1 26 trillion) add up to no more than one-fifth of the East Asian totals on both counts Sometimes, the crisis in Mexico is too often compared with that of South Korea, both being the only South countries recently accepted as members of the OECD countries. In reality, however, Mexico has been a sick country since the 1980s, ridden with heavy debts, economic stagnation and frequent crises, whereas Korea, in sharp contrast had neither any heavy debt, nor a stagnating economy, nor an economic crisis except the most recent one And finally, the financial crisis in the four East Asian countries has been viewed too often as a general crisis, whereas the economic fundamentals in these countries were almost universally considered to be in very good shape up to June 1997. It is important to keep this in mind in order to avoid unnecessary confusion

Apart from deregulation and globalisation of financial operations, there were no major changes in the global economic climate in recent years. However, a large number of developing countries were under severe pressure over their balance of payments accounts Their exports had declined, and terms of trade deteriorated. Interest rates on debt servicing had skyrocketed. It became impossible for these South countries to meet their obligations of external debts. Subsequent pressures on their foreign exchange position were so severe, that it limited their ability even to import essential consumer goods, let alone urgently needed investment goods.

These pressures affected most countries in Africa and Latin America. Their balance of payments was in the negative. The structural adjustment policies imposed by the IMF had led to a weakening of their economies. In short, a large number of South countries were undergoing grave difficulties. However, since the East Asian countries had nonetheless continued their

high rate of growth, it is not surprising that large amounts of external capital which had earlier gone to the developed and the South countries, now found its way to the East Asian countries. Their debts rose, as banks particularly the small ones, found easy access to credit for borrowing large sums of money. In most cases, these were loans by external sources given on a short-term basis. By and large these credits were passed as loan mostly to investors at home who were involved in residential constructions, purchase of luxury goods, and constructing office buildings and similar infrastructure to be rented to external enterprises at exorbitant rents

In our world of instantaneous communications, panic can spread with electronic speed to other countries, and spread it did from Thailand to Indonesia and then to Malaysia — within only four weeks.

It is reported, for instance, that Thailand had the second largest number of customers purchasing Mercedes cars, second only to West Germany, the home of the car. The construction of condominiums was also on the increase. Many well-to-do buyers invested their borrowed money in purchasing as many as two to six condominiums. Most had never visited any of these houses or offices. The seeds of defaults by borrowers who had blindly bought without the ability to pay their creditor banks were being sown on a large scale. This was made possible by the foreign institutional investors who held a large number of portfolio investments (FPI)

Some small banks were already on the verge of declaring bankruptcies as they could not repay their debts The stock markets fell sharply Hot money started being quickly transferred abroad in order to escape the crisis The financial panic began to spread widely, building up to a hurricane More and more foreign investors began sending their foreign exchange to safe havens. There was a big fall in the dollar value of the Thai baht, the Malaysian ringgit and the Indonesian rupiah. The value of these currencies fell rapidly by as much as 30 to 40 per cent and even more. It became impossible to contain the panic, which was rapidly turning from a small hurricane into a violent tornado.

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Indonesia and then to Malaysia — within only four weeks. The stock exchanges of these countries were on the verge of collapse. The foreign exchange value of their currencies fell to 60 per cent and more. In the case of Indonesia, the fall of its currency was pure disaster, dropping almost to one-tenth of its normal value. Rumours were rampant that the whole of East Asia would soon be swept away by the tornado.

Stock markets all over the world began to tumble. In October 1997, as noted above, Wall Street fell in one day by $500 billion. The fall was equivalent to the notorious stock exchange fall in October 1982, amounting to seven per cent of the entire value of all the shares on the Wall Street Stock Exchange. The losses were equal to about one half of the total combined national outputs of all the countries in both Africa and Latin America.

The crisis had repercussions almost everywhere in the world. A general feeling of panic spread rapidly. Many compared it to the beginning of the Great Crash of 1929 in the United States, which led to the greatest economic depression in human history. Foreign investors began paying special attention to South Korea in view of its economic importance. Several East Asian countries, including South Korea and Japan, and most other countries the world over, were swept by the fear of the financial disaster enveloping them too. The panic was becoming almost impossible to control.

CAUSES OF THE CRISIS

An impression of the general forces, which led to the crisis and its rapid spread to other countries has already been given. However, attention needs to be drawn to some special considerations of the crisis, although a detailed analysis of the crisis and all its ramifications is only possible with time.

Keynes gave an early warning during the Bretton Woods negotiations. He stated that while current accounts could be freed from regulatory control, capital movements should not be treated in the same manner. His prophetic warnings have been vindicated in the period thereafter. The idea that market traders were wise in detecting changes in economic movements was shattered. More recently, Nobel Laureate James Tobin proposed to "put sands in the wheels" of international financial operations by imposing a small tax on

them; and the proceeds from this tax were to be contributed as aid to the South countries.

Even George Soros, who has made billions in speculations in foreign exchange transactions, underlined his sharp judgment in his book, *Alchemy of Finance (1989)*, "I had a very low regard for the sagacity of professional investors; and the more influential their position, the less I consider them capable of making the right decisions." He always detested the ability of the speculators to judge ups and downs in the foreign exchange markets. To all this may be added what Alan Greenspan, the chairman of the Federal Reserve Bank in the United States, recently pointed out He stated, "In retrospect, it is clear that more investment moneys flowed into emerging economies than could be profitably employed at reasonable risks." (*Frontline* Biweekly (India), March 6, 1998, pp 95-96).

External debts of the East Asian countries had already risen to $240 billion in 1993. As much as one-third of the loans given by banks were based on short-term borrowings from the FPI holders. The Thai banks had however, backed them with difficult-to-sell, long-term assets such as land, buildings, offices and infrastructure. When this fact became widely known the property market in Thailand simply collapsed.

Sensing the danger to institutional investors, the IMF offered $160 billion of loans for its "rescue mission" for Thailand, Indonesia and South Korea These countries, however, were offered the rescue package on the condition that they accepted at the same time the harsh terms of the IMF. These included devaluation of the currency, elimination of budget deficits withdrawal of subsidies, privatisation of public enterprise, liberalisation of foreign trade, removal of export and import duties and restrictions, allowing foreign enterprises unfettered entry of their investments into the countries concerned following globalisation in general, and also permitting foreign banks and insurance companies to establish themselves in the countries on an equal footing with national enterprises.

Most countries in Africa, which had to accept the IMF terms during their balance of payment crises, have seen their per capita incomes fall below the levels they had in 1975. The fate of most Latin American countries was similar, particularly that of Mexico. No wonder, the phrase "Latinamericanisation" came into popular use with reference to the large number of countries affected by the severity of the IMF structural adjustment policies.

Knowing well the Mexican experience, South Korea in the beginning refused to accept the IMF loan. Instead, it approached the United States for assistance through the establishment of a consortium comprising the US and other countries. But President Clinton turned this proposal down, and insisted that South Korea accept the IMF offer, like Thailand and Indonesia. Malaysia was also placed under similar pressures, but it has so far refused to accept the IMF bailout, and is trying to solve its problems itself. The consequences for the other three countries, which have accepted the IMF terms, have been simply disastrous.

Knowing well the Mexican experience, South Korea in the beginning refused to accept the IMF loan. Instead, it approached the United States for assistance through the establishment of a consortium comprising the US and other countries. But President Clinton turned this proposal down.

Though it will be some time before the main reasons for the crisis are known, it is fairly clear that it was caused by a combination of several factors sudden withdrawal of the foreign "hot money", the spread of panic from Thailand to Malaysia and Indonesia, and finally to South Korea, poorly regulated domestic financial markets' profligacy and lending beyond safe limits by private banks; strict pegging of the exchange rate to the dollar at too high a level, etc The orderly management of the economies of these countries had already begun to show signs of weakness by the early nineties and the collapse of their defence network — established from the very beginning of their High Rate Development — had already begun, with the spread of unregulated globalisation

The IMF offered these countries credit to help pay the loans of foreign investors. None of the investors, however, were prepared to convert their short-term loans into long-term credits, or to bear the losses, which were caused by their own misreading of the watered-down financial regulations in these countries. The situation now was not much different from that in 1993, when Barton Briggs of Morgan Stanley estimated that an extraordinary bullishness was going to sweep the East Asian countries. Sweep it did, but by 1997, their internal defences had also been swept away. The new strategy,

which had helped the East Asian countries to create the East Asian Miracle, had by then fallen to pieces.

The package offered by Clinton to Mexico had already proved that foreign investors did not have to fear for their investments. A bail-out strategy by the United States had already been put in place to rescue imprudent investors, who would now not have to bear the losses themselves, for the risks they had undertaken by misjudging the trends of the market. Following the experience of Mexico in 1994 when it had to pay three-quarters of the loans amounting to $12.5 billion, together with $1.2 billion in interest alone, investors and other clients on Wall Street had learned that their recklessly invested money would never be lost, so long as the United States, the dominant power now in the world, was there to compensate them for their miscalculations. The IMF terms and conditionalities had been already so fashioned as to guarantee in advance the repayment of such recklessly speculative loans. Actually, the IMF had two options, to help convert the short-term loans of the foreign investment into long-term credit, opening the way thereby for the East Asian countries to work towards an orderly transition from the current crisis generated by the foreign speculative investors or to choose to safeguard the interests of the foreign investors, as it did only recently in Mexico. The IMF had already made its choice. It supported the interests of the foreign investors who were responsible for the financial crisis.

In this connection, some of the observations of Professor Jeffrey Sachs of Harvard University, which were published in a shortened form in the *Economic Times*, January 21, 1998, are very pertinent indeed. The key factor in the East Asian financial upheaval was, according to him, a sharp increase in the short-term capital flows into these countries. The liberalisation of such capital outflows from the advanced countries and the weakness of the receiving countries together contributed to the crisis. It should be underlined that the financial panic in these countries was, however, not a product of the weak economic fundamentals in the Asian countries. These economies had, after all, strong fiscal policies, market orientation, and strong export sectors, low tax rates and other similar features, which had supported their rapid economic growth. At the same time, however, the financial markets in the East Asian countries were poorly regulated, and the pegging of their

exchange rates at a very high level simply aggravated the crisis. Herein lies a warning for other South countries.

I would like to return here to South Korea, which was the most developed economy among the four East Asian countries. An upheaval there was unexpected by most observers. This does not mean that the plight of the other three countries was not distressing. However, a snapshot of what is in store for Korea might give us a glimpse of what may lie ahead for many developing countries.

It is revealing that the total "rescue" package offered by the IMF under its stiff conditionalities comes to about the same sum which the foreign investors insisted on being paid by mid 1998.

It was unimaginable that South Korea would ever have to sell its two largest banks. But times change. The Seoul bank with assets of 30 billion and liabilities of 29 billion is now for sale. The government has already assumed responsibility for its $1.2 billion dollar debt. The second major bank in a similar plight is the Korea First Bank. A large number of foreign banks have already made offers to buy them. The biggest of the Korean banks are being sold through open global bids. This foresees a bleak future for the Korean banks which could soon pass into foreign hands. The IMF "rescue" package of $58.35 billion would then be conveniently handy to make the payments possible, saving of course the speculative investments of outsiders! The next in line for "rescue" would be industries, real estate and even infrastructure. Other weaker South countries have already fallen victims to such foreign control.

Following the panic in international markets, South Korean companies are now required to repay their debts of $70 billion by the same period. If the Indonesian debt of $40 billion is added to these two sums, the total debts of the three countries would come to nearly $160 billion. It is revealing that the total "rescue" package offered by the IMF under its stiff conditionalities comes to about the same sum which the foreign investors insisted on being paid by mid 1998. Obviously, the IMF package was intended to rescue foreign investors, and not the East Asian countries. Here is a re-enactment of what happened in Mexico.

The current session of the Korean National Assembly is requisitioned under IMF pressure, to pass a bill soon, which will open the doors of their banks for purchase by foreign investors. The IMF, without question, has made an unbelievably wrong diagnosis and offered equally wrong remedies to these Asian countries. However, the diagnosis and the remedies can be considered "wrong" only if it is believed that the IMF was attempting to safeguard the vital interests of the East Asian countries Its remedies have invariably proved to be plainly disastrous in so many countries in Africa Latin America and, on a much larger scale, in the former Soviet Union and the former socialist countries of Eastern Europe. Now, it seems that the turn of the East Asian countries has arrived to be neatly "Latinamericanised", as have been the others. There are obvious lessons for all developing countries in these examples of manipulated crises under IMF stewardship

SOME RELEVANT CONCLUSIONS

As emphasised earlier, it is not easy to explain the extraordinary financial turbulence in East Asia. We do not have sufficiently reliable information from official sources in the affected countries as well as from foreign investors In view of these gaps, it is difficult to look into the future with any degree of confidence. It can only be hoped that the body of information needed for a proper understanding will become available in the near future In the meantime, an attempt, no matter how unsatisfactory, is undertaken here to outline the broad directions in which the economies of the East Asian countries may be moving in the *near* future

However, before taking up the future, I should at least add some thoughts on what conclusions the South countries in general may draw from the devastating recent experience of the East Asian countries. This is particularly important as many authors, including myself, have in the past praised the high rate development strategies of the East Asian countries, and have recommended them as an example to other developing countries to accelerate their own development process. The recent experience of these countries between June 1997 to July 1998 underlines the several conclusions that may be drawn by the South as a whole. Some of these are briefly listed below

To beware of any kind of "hot money" from external sources, foreign portfolio investments (FPI) coming from foreign

investment institutions, or non-resident nationals, or demanding institutions such as the IMF.

- To be careful of foreign domestic investments (FDI), which are used to play speculatively on the domestic stock exchanges, or which are likely to be sold to other buyers beyond national control.
- Not to jump to full convertibility of national currency without a careful consideration of national foreign exchange reserves and the level of external debts
- Not to recklessly sell public enterprises merely to improve budgetary balance.
- Not to sing the praises of globalisation without a careful consideration ofthe strategic differences between the national policies of rich and poor countries, in order to accelerate their development processes, particularly that of poor countries. Hence, the paramount need for both national and international regulation for all kinds of capital movement among countries.
- Not to accept major changes in the intellectual property provisions of the World Trade Organisation without weighing very carefully their adverse impact on national development

The financial crisis has brought about a big fall in confidence and hope, leading to a sharp devaluation of the national currencies. Such a drastic fall in the value of the national exchange rates should help increase the export of goods from these countries. But in reality this is not the case, because the conditionalities imposed by the IMF will make it almost impossible At the same time there will be a rise in import prices, which would lead to higher prices, and therefore lower imports, and to shortage of foreign currency and credits to industries Consequently, there will be a sharp rise in domestic prices, making it very difficult for domestic banks to lend the necessary funds to enterprises.

One helpful possibility under the circumstances would have been to counter the shortage of bank credit by converting short-term debt into long-term loans without incurring heavy extra costs. But again the very conditionalities of the IMF have closed this option by extending loans which are to be used for the repayment of short-term debt without delay.

As discussed above, the IMF has obviously decided to protect the intere of the external creditors at the cost of the national benefit of the affect countries.

It may be argued that transnational corporations would, at the san time, experience a fall in their exports to these markets. In this case, howeve the IMF has already insisted on fis tightening, thereby reducing tl possibilities of buying foreign goo As Alan Greenspan, the chairm of the Federal Reserve Banl warned, the crash of the East Asi currencies would show itself in tl form of a "reduction in deman for (our) exports and intensifi competition from imports All these suggest that the growth (our) economic activity wi moderate from the recent bris pace " (*Frontline*, March 6, 1998 In short, the world economy as a whole will experience a gene economic slow down imposing larger unemployment and more hardshi on the poor.

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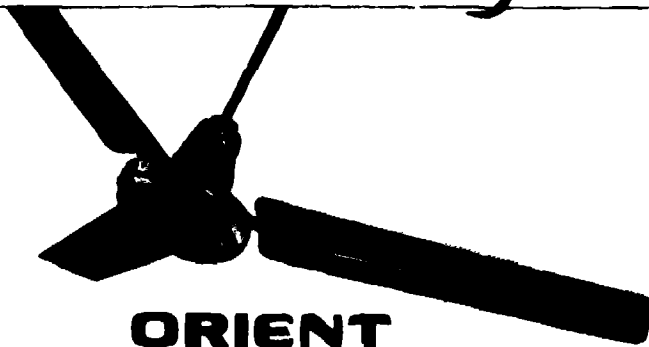
The immediate decline in the values of the national currencies of th East Asian countries will open the way for foreign investors to buy th valuable assets of these countries at extraordinarily low prices The ownershi of the national banks, industries, real estate and infrastructure, which th East Asian countries have built up with great national effort in the past, wi then pass over easily and very cheaply to foreign investors. As a result th very ownership or control of the national enterprises in these countries wi be lost. These foreign enterprises will then be able to exploit for the benefit the well-known industrial efficiency of these countries to produ goods which could be exported to their own countries. The nation enterprises of East Asia will be passed on forever into the hands of foreig owners. This will apply particularly to the national banks, which have to pa their short-term debts under pressure of the IMF. We have here a classi example of private gains at public cost.

As explained in the concluding section, the Mexican experience will be duplicated with a vengeance in East Asia. That is how a very important sector of East Asia will be Latinamericanised, as has been the case in so many other developing countries. It is difficult to escape the argumentation that these countries, having liberated themselves from the imperialism of Western countries, will now again be subjected to an entirely new version of imperialism, under which the rulers will not even have to station their armies and civil servants in these countries. The pattern of "instant globalisation" would begin yielding vast benefits through a new form of exploitation, simply by pressing the keys on the computers in their homes and without getting involved in wars and military operations. What a new form of imperial domination over poor countries during the third millennium!

How these countries will be able to get out of this external threat is not easy to forecast at this moment. It is increasingly being recognised that the trinity of the IMF, the World Bank and the newly established World Trade Organisation (WTO) will do the job of supervising on behalf of the rich countries this new form of imperialist domination. The only possible way to escape form this trap would be to learn from past experience and to work towards a unified approach, in cooperation with other South countries, to isolate and finally overcome the new threat that has been described. It is essential therefore that the South countries move away from plunging into a wholly unregulated globalisaton and search for new ways of overcoming the current imperial stranglehold.

Indeed, there are cracks in all forms of the new control. The rich countries are heavily dependent on the developing countries in so many ways. Universal cooperation, not conflict, is becoming imperative. Moreover, the West itself is going through an age of uncertainty or the end of the age of hope, both at home and abroad. Its rates of growth have declined. Jobless growth is taking over. Its aged population is becoming more demanding. Its hegemony, buttressed by the fall of socialist countries, will have to face increasing social conflicts within and without. Neither market fundamentalism nor planning fundamentalism has given long-lasting solutions so far. New ways will therefore have to be devised by the South countries through their own intensive cooperation, as well as through harnessing several features of modern technologies.

Modern technology is becoming more and more foot loose, easy to master and less capital intensive once invented. The vast populations of the South are rapidly increasing their skill intensity They have already begun competing most effectively in mastering through their advanced skills the markets of the rich countries. The South countries are beginning to find new ways through the difficult way ahead. The developed countries are also afraid of the growing industrial strengths of the South. A new stage is now being set for the South. There is little doubt that the twenty-first century will witness a wholly different balance of economic power between the West and the South.

WHY INDIA WENT NUCLEAR

Washington has refused to take India's mounting security concerns seriously, while turning a deliberate blind eye on Pakistan's increasing nuclear capability. China's transfer of nuclear technology to Pakistan will have a negative effect on the balance of power in the region. It is quite clear, however, that for new geo-strategic reasons — now connected with the newly independent Central Asian states — the US will always give priority to its relations with Pakistan over India.

PREM SHANKAR JHA

The nuclear tests by India and Pakistan in May 1998, are threatening to burst open the lid that the major powers are trying to put on the proliferation of nuclear weapons. This threat is very real. On the day after the first Indian tests, North Korea threatened that it would withdraw from its agreement with the US over nuclear non-proliferation, as the US had failed to live up to its commitments. Since then it has repeated this threat more than once. Pakistan's tests were greeted by celebrations in Iran. Predictably, the reaction in Iran triggered a wave of concern in Israel. A year earlier, UN weapons inspectors had found documents in Iraq that showed that Pakistan had offered to supply it with the technology for making nuclear weapons. No one knows how far a Pakistan bankrupted by economic sanctions might go to secure hard currency resources. The world therefore faces the spectre of more and more countries thrusting their way into the nuclear club.

Predictably, the first reaction of the West has been one of great anger. The G-8 and the UN security council have condemned the tests, and as the

country that went nuclear first, India has attracted most of the blame. In press briefings after Pakistan's nuclear tests, Secretary of State Albright and Defence Secretary Cohen accepted Pakistan's explanation that it was forced to go in for the tests in order to match India. As for India's reasons, both dismissed Indian prime minister Atal Behari Vajpayee's explanation in his letter to President Clinton after the nuclear tests, that India was forced to test (and demonstrate) its nuclear weapons because of a sharp deterioration in its security environment. Instead, both ascribed the Indian government's decision to that most irresponsible of motives the desire of a Hindu nationalist Bharatiya Janata Party government to promote its ideology of a Hindu renaissance, increase its following in the country, and consolidate its hold on power. So exclusively did the US focus blame on India, that about a fortnight before President Clinton's visit to Beijing, Albright denied categorically that China had transferred nuclear or missile technology to Pakistan "in recent years".

India did not go nuclear willingly, but was forced into doing so by three, largely uncoordinated American policies launched by the Clinton administration after the cold war ended, that acted jointly to put India in grave peril.

This interpretation of India's motives reflected not only the US well-grounded fear of the impact India's action might have on non-proliferation, but a far less comprehensible refusal by Washington to take India's mounting security concerns seriously Not only did Washington turn a deliberate blind eye to the effect that China's transfer of nuclear weapon and missile technology to Pakistan would have on the balance of power between two countries that the world knew to be de facto nuclear weapons states, but it also ignored the impact of its Central Asian policy on the source of the tension between the two countries — the determination of Pakistan to redraw the map of India on religious grounds by separating Kashmir from India.

The thesis of this paper is that this was not a product of benign neglect or oversight. India did not go nuclear willingly, but was forced into doing so by three, largely uncoordinated American policies launched by the Clinton administration after the cold war ended, that acted jointly to put India in grave peril. A substantial number of opinion makers in the US have taken

note of two of these — that the emerging non-proliferation regime would strangle India's nuclear option, and the growing nuclear imbalance that China's transfer of weapons of mass destruction was creating on the sub continent. But the third, the surreptitious rebuilding of a new strategic alliance with Pakistan focused on giving the US economic access and thereby eventual political control of the Central Asian states that were formerly a part of the Soviet Union, has gone almost unnoticed. The purpose of this paper is to highlight this neglected aspect of India's decision to declare itself a nuclear power.

India's nuclear tests came as a complete surprise to the world, and set off a storm of speculation about why India carried them out The more appropriate question to have asked then was, 'What had made India decide not to become a demonstrated overt nuclear weapons power after the Pokharan explosion of 1974? While a number of specific reasons can be cited, the short answer is that till the early nineties India simply did not feel sufficiently insecure to want to take this momentous step

For a quarter century after its 1974 nuclear test, India followed a policy of careful and deliberate restraint Following a huge outcry by Canada that India had used technology supplied by it for power generation and other peaceful purposes to make a bomb, and a change of government in 1977 that brought Morarji Desai, a staunch opponent of nuclear weapons to the premiership of the country, India suspended its nuclear weapons programme for more than a decade. Despite a deliberate leak to an Indian journalist in April 1987, by the head of Pakistan's nuclear weapons research programme Dr A Q Khan, that Pakistan now had the bomb, work on nuclear weapons was resumed only in 1989, two years after India had designed and built its own 200 MW reactor in 1987. In the next six years Indian scientists mastered the technology required to develop a variety of nuclear weapons but the government deliberately refrained from testing any of it. This restraint did not break down despite a spate of CIA reports that China was passing nuclear weapons technology to Pakistan, and that Pakistan was setting up the required production facilities through a worldwide operation of fraud, theft and deceit. Nor was this restraint broken when the US President continued to certify that Pakistan was not developing a bomb, despite Khan's boast to the contrary in 1987.

In retrospect, the reasons why India did not feel sufficiently threatened to forsake its long-standing policy of not developing nuclear weapons, are obvious. Its relations with China had improved sharply after Rajiv Gandhi's visit to Beijing in December 1988. Its dispute with Pakistan over Kashmir had been dormant for 15 years after the two countries signed the Simla agreement, and relations between the two countries had improved steadily between 1977 and 1987 Finally, the Soviet Union with whom India had a Treaty of Friendship, was still intact.

THE EROSION OF RESTRAINT

India's security environment began to deteriorate only in 1990. Between 1990 and 1992 an insurgency broke out in Kashmir; the Soviet Union imploded, and the government received definite information that Pakistan had, or could put together, a handful of nuclear bombs. On the surface, India and Pakistan had established a balance of terror based on nuclear ambiguity But unlike the US-Soviet stand-off, this led to an increase instead of a decrease of insecurity For neither country knew for sure whether the other really had a deliverable bomb, or was bluffing Both were therefore capable, if a conventional war began to go against them, of convincing themselves that the other was bluffing and unleashing their nukes Some Indian analysts therefore urged the government to go overtly nuclear as this would at least eliminate the risks that inhered in ambiguity But none of the three Indian governments that were privy to the knowledge of Pakistan's nuclear capability, were prepared to resume nuclear testing.

The restraint, however, was beginning to erode. By the mid nineties there were only a handful of scientists left in the Department of Atomic Energy, who had even been in the organisation in 1974 All the knowledge the DAE had of the Pokharan bomb was from blueprints, and all the new research was still only research. Moreover, what was exploded in 1974 was, strictly speaking, a device, and not a bomb None of the engineering work needed to convert it into a bomb that could be delivered by an aircraft, much less by a missile, had ever been tested. In 1994, therefore, India's nuclear weapons existed only on paper. This was not sufficient to reassure the armed forces that the nuclear threat from Pakistan had been neutralised. Nuclear ambiguity had also put the armed forces in a quandary. Should they

make operational plans and carry out exercises on the assumption that India had the capacity to checkmate a nuclear threat, or not? As Pakistan steadily escalated its involvement in Kashmir, they began to ask this question with greater and greater insistence.

By contrast, Pakistan's bomb was developed, or acquired, in the late eighties. Its progenitor, Dr A Q Khan and his team of scientists and engineers were still very much in harness. The bomb itself was of Chinese design a design that had been tested repeatedly over the previous two decades The fear began to grow, therefore, that Pakistan's nuclear weapons technology might be more reliable than India's and that imperceptibly, the nuclear balance was tilting against India

In July 1995, India's alarm took a quantum leap when US intelligence found out that a number of M 11 missiles sold by China to Pakistan had been moved, in their crates, to Sargodha, Pakistan's main armed forces base close to the Punjab border. The alarm was not generated by Pakistan's acquisition of missiles, so much as by the evidence of the lengths to which China was prepared to go to support its ambitions This was one of the two reasons why Prime Minister Narasimha Rao finally sanctioned a new round of tests. Rao's other reason was his government's sudden realisation after the Nuclear Non-Proliferation Treaty was extended indefinitely in May 1995 that the US, backed by the G-7 was creating a network of treaties and domestic laws that would soon make the price prohibitive, India would have to pay to upgrade its nuclear capability and maintain a credible deterrent against nuclear attack or blackmail. This invisible prison consisted of the Glenn Amendment, passed by the US Congress in 1994, that imposed mandatory economic sanctions on any (non-nuclear) country that tested nuclear weapons; the indefinite extension of the Nuclear Non-Proliferation Treaty in 1995, and the impending Comprehensive Test Ban Treaty that Clinton promised to push through in 1996.

Together with the impending Fissile Material Cap Treaty, these would lock India into a permanent and growing military inferiority to China A a nuclear power, China would be free not only to add to its nuclear arsenal but to acquire the advanced technology it needed for continually upgrading its weapons and missile capability. Forever more, therefore, India's safety would depend on its keeping on China's good side. Yet this was a country with which India had fought a war, and had a standing border dispute over

90,000 sq kms of territory. What is more, as it had already shown, China had few qualms about passing some of this technology to Pakistan. With this wild card in the pack, no Indian strategic planner could therefore predict how the nuclear and missile balance would evolve on the subcontinent, in the coming years. Worst of all, this intolerable situation was being brokered by the world's only super power, the US. In December 1995, therefore, Narasimha Rao ordered the scientific establishment to prepare for the resumption of nuclear tests at Pokharan.

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Even then, however, India's perception of threat was not high enough to make him go through with it. The US was still putting a great deal of pressure on China to stop supplying missile technology to Pakistan and Saudi Arabia, and it was also trying to prevent China from supplying nuclear reactors to Iran. The confrontation over the Taiwan straits was only weeks behind the two states. The Indian government believed that America would do its level best to check the supply of missiles and nuclear technology to China. Rao was also worried that the economic sanctions that would follow a test, would hurt his party's chances in the elections scheduled for April 1996. As a result, when preparations for the test were spotted by a US spy satellite, and the American government asked India not to hold them, Narasimha Rao agreed.

India has been equally restrained in its missile development programme. During Rajiv Gandhi's premiership, India launched a programme to develop an entire family of short and medium range, battlefield and tactical surface to air, surface to surface, and air to air missiles. Only two, the 300 km range Prithvi (Sanskrit for the earth, and not the name of a Hindu ruler of the twelfth century who fought the Muslims, as Pakistan has claimed), and the 1500 km range Agni (fire) were capable of carrying nuclear warheads. Both, therefore, aroused Washington's anxiety. India had made it clear that the Prithvi was intended to carry only a conventional warhead and that the Agni was only being developed as a "technology demonstrator". But the Clinton administration was not entirely reassured. As a result, in response to a direct

request from President Clinton, Prime Minister Narasimha Rao agreed, during his visit to Washington in 1994, not to deploy the Prithvi (which had by then gone into production) and to stop further development of the Agni. *Both promises were, by and large, kept. However, in June 1997, India* began shipping Prithvi missiles to the army cantonments, on the somewhat specious grounds that they could not be stored indefinitely at the factories. Pakistan raised an alarm, but this too may have been disingenuous, for barely two months later Pakistan unveiled its 600 km Hatf III missile. The Hatf III was a thinly dressed up version of the Chinese M-9.

Pakistan's nuclear strategy has throughout been in stark contrast to that of India. Contrary to the common perception, Zulfiqar Ali Bhutto took the decision to develop nuclear weapons in 1972, within weeks of becoming Pakistan's president, and well before the Pokharan blast. He was reacting to the dismemberment of Pakistan and his awareness that the new Pakistan would be no match for India in a conventional war. The Pokharan blast lent a new urgency to his quest, but he realised that Pakistan could only obtain the necessary technology and equipment by taking "short cuts". In the ensuing years successive governments in Pakistan built an extraordinarily effective network of shell companies abroad to circumvent laws against the sale to third countries of equipment needed to produce fissile uranium. The US was unable to express its displeasure till 1990, when it refused to certify that Pakistan was building nuclear weapons, because Pakistan had become indispensable for funnelling aid to the Afghan *mujahideen*. The architect of this monumental effort was Abdul Qader Khan, once employed by a firm in Holland, who returned to Pakistan with the stolen designs of the Gas centrifuge, the critical requirement for separating fissile Uranium 235 from the inert Uranium 238.

CHINA AND PAKISTAN'S NUCLEAR PROGRAMME

Pakistan also carefully built a long-term military relationship with China. Capitalising on its border dispute with India, it succeeded in persuading China to transfer the design for the all-important trigger mechanism of the atom bomb, probably in exchange for the Gas centrifuge technology that Khan had spirited away from Holland. All Pakistan had to do was buy, or steal, the designs and components needed to manufacture it.

Pakistan has steadfastly maintained that its nuclear weapons programme is a response to India's, and this has been accepted uncritically by the US. So, in a sense it is. If one believes the old maxim that diplomacy can be based on an assessment of the adversary's intentions, but defence policy must be based on its capabilities, then Pakistan's reasons for acquiring nuclear capability by hook or by crook cannot be challenged. But in the globally interdependent world that has now emerged, this maxim, like nineteenth century doctrines of national sovereignty, is increasingly coming into contention. The view is gaining ground that in the information age intentions have to be taken into account for, as the Gulf war showed, a nation's best defence against unprovoked assault by a rogue nation is the combined weight of public opinion, backed by international sanction.

The dispute over Kashmir had not been resolved, but the Simla agreement had given formal recognition to a de facto line of division of the old princely state that had already existed for 25 years.

If intentions are taken into account, Pakistan's decision to acquire nuclear weapons becomes a lot less easy to understand. In 1974, India and Pakistan had admittedly fought three wars, but the issues over which these were fought had been all but resolved. Bangladesh, the cause of the 1971 war, had seceded from Pakistan with India's help. This had caused a great deal of anger in Pakistan, but no one in Pakistan wanted to re-conquer it. The dispute over Kashmir had not been resolved, but the Simla agreement had given formal recognition to a de facto line of division of the old princely state that had already existed for 25 years, and both countries had bound themselves not to try and change it unilaterally, ie, by force. India therefore had no disputes with Pakistan, and coveted none of its territory.

A part of the reason why Pakistan still felt it had to maintain parity with India is buried in the bloodstained circumstances of its birth. But to the extent that there was a rational purpose, it was Pakistan's determination not to allow its claim to Kashmir to lapse by virtue of its inability to wage war for want of a nuclear deterrent. Pakistan, in short, never had any intention of giving up the struggle to annex the whole of Kashmir. Thus from 1972, the balance upon which peace has rested in the subcontinent has been

asymmetrical: India has lacked the desire to change the status quo on the subcontinent, while Pakistan has lacked the capacity. This is the balance that was eventually disturbed by the continued supply of nuclear weapons and missile technology by China, and by the Nelson's eye turned on the transgression by the US.

During the 31 years that Sino-Indian relations remained in a deep freeze after the 1962 war, China's support of Pakistan's military and nuclear weapons programmes caused little surprise in India. But India's anxiety began to mount when technology and missile sales and transfers continued after China and India signed the Agreement on Peace and Tranquillity in the Border Regions in 1993. This agreement virtually buried the four decades' old border dispute in a tacit acceptance of the de facto line of demarcation between the two countries in the Himalayas. India and China had no other disputes. In fact, during Narasimha Rao's visit to Beijing in 1993, Premier Li Peng made a special effort to enrol India in a resistance of the US global hegemonism. The very next year China joined India to frustrate an attempt at the UN conference on human rights in Geneva to condemn India for the violation of human rights in Kashmir. As trade grew rapidly between the two countries and a spate of high-level visits were exchanged, China's continued supply of nuclear weapons technology to Pakistan became more and more inexplicable. In 1993 and 1994 the Indian public became aware that China had sold ring magnets for Pakistan's Gas centrifuges. In 1995 M-11 missiles were discovered at Sargodha. Then came Pakistan's launch of the Hatf III in August 1997, and finally of the intermediate range Ghauri missile on April 6, 1998. China's help was closing the gap between Pakistan's aspirations and its capabilities. For India, the potential cost of continued inaction was becoming insupportable. But even all this was only the tip of a much larger iceberg. A spate of CIA reports showed that Pakistan had in fact signed two separate agreements with China in 1992 for a sum of 1.2 billion dollars, one for a virtually complete transfer of nuclear weapons research and development capabilities, and the other for the rapid transfer of missile technology along with a large number of M-11s and launchers.

The timing of these transfers could not have been worse, for they were taking place at a time when Pakistan had reached a crossroads in its relation with India. Insurgency in Kashmir had been on the wane since 1994. The pro-independence Jammu and Kashmir Liberation Front had become dormant.

and the pro-Pakistan Hizbul Mujahideen had fallen apart, and its feuding wings had suffered large-scale desertions from their ranks. In September 1996 Kashmir had its first state assembly election in 11 years. As many as 49.9 per cent voters turned out and voted a pro-India government to power. A year later, when President Clinton met Pakistan's prime minister Nawaz Sharif and India's prime minister Inder Gujral in New York, he made it plain that the US wanted the two countries to settle the Kashmir dispute between themselves and did not want to get embroiled in it. Clinton also remarked pointedly to Nawaz Sharif that the two countries needed to cut the shackles of the past and look to the future. For the hawks in Pakistan's security and State apparatus, the goal of acquiring Kashmir was all but lost.

In theory, they could wait in the hope that another insurgency would break out in the valley on some future date. But in practice, Pakistan's capacity to do so had run out. Forty years of trying to maintain military parity with a much larger neighbour had made the country bankrupt. In 1997, interest on the national debt absorbed 71 per cent of federal revenues, and almost the entire balance was needed to meet the cost of the bureaucracy and the police. Social and economic spending had been reduced to almost nothing, which, along with the whole of the defence budget, amounting to just under 30 per cent of federal spending, was being met by borrowing from the public. Such massive borrowing was pushing up the national debt faster than the GDP and therefore increasing the ratio of interest to revenue. Barring some unforeseen change, Pakistan faced bankruptcy and hyperinflation in, at most, a decade. Its foreign exchange balances had shrunk to a mere 1.3 billion dollars and the country had been forced to go to the IMF for help. The IMF insisted that it cut its fiscal deficit, which in effect meant its military spending. In response to this pressure in 1977 the military budget actually fell by a little over one per cent for the first time since the country was born. The military establishment therefore knew that its days of matching India were drawing to a close. Very soon, therefore, Pakistan would have to choose between making one final bid to capture Kashmir by force before the money ran out, or accepting the status quo. The first sign that Pakistan was accepting the status quo in Kashmir would have been a decline in the infiltration of foreign mercenaries into Indian Kashmir. But in the two years since the Kashmir elections, Pakistan had not shown the slightest sign of

doing the latter. Instead it had stepped up the infiltration of Afghan, Pakistani and other mercenaries into Kashmir and Jammu. The launch of the Ghauri came at this critical moment.

The Ghauri changed the power equation on the subcontinent. But what disturbed Indians even more was the overtly hostile intent behind the launch. Pakistani spokesmen explained that Ghauri was the name of the Afghan invader who captured Delhi in AD 1193 and established Muslim rule in northern India. They went on to say that with the development of the Ghauri, no Indian city was safe any longer from a Pakistani attack. The creator of Pakistan's nuclear bomb, A Q Khan, proclaimed that Pakistan now had the capacity to hit 26 Indian cities. A few days later Pakistan announced that it would soon test a 2,000 km missile, named the "Ghaznavi" (of Ghazni). The first Afghan raider to invade western India in search of plunder no less than 18 times in 25 years between 997 AD and 1022 AD was named Mahmud of Ghazni. The overt aggression revealed by the naming of the missiles sent shivers of apprehension throughout India. Pakistan's constant harping on being able to hit cities, and the fact that this particular threat was being made by the messianic head of Pakistan's nuclear weapons programme, made people fear the worst.

THE ROLE OF THE USA

If any country could have stopped the slow drift towards an overt nuclearisation of the subcontinent and possible war, it was the US. But the US had its own irons in the fire. In the immediate aftermath of the cold war many Indians had hoped that the two countries would rediscover the warmth that had marked the Kennedy and Roosevelt years (when the US had consistently championed India's freedom). But that was not to be. Deprived of its central focus, American foreign policy splintered into a series of uncoordinated initiatives pushed by the territorial and functional bureaux of the State Department, which as often as not, saw themselves in competition with each other. At the Indian end, political instability conspired with the persistence in the foreign office of suspicions inherited from the cold war to make new Delhi incapable of grasping the opportunities that arose for establishing a co-operative relationship.

Immediately after the cold war ended, India found itself at the receiving end of four American initiatives. These were nuclear non-proliferation, human rights, the thrust for constructive engagement with China and the thrust for economic and political influence in Central Asia. Checking the proliferation of nuclear weapons and reducing existing stockpiles, especially in the former Soviet Union, clearly ranked first in the US priorities. The Congress government under Narasimha Rao was aware of this, and was prepared to meet the US halfway if the US showed a matching sensitivity to India's security concerns. Since India's immediate concern was not China, with whom relations were steadily improving, but Pakistan, whose desire to annex Kashmir remained undiminished, Rao in effect offered to exercise restraint on the development of weapons of mass destruction and delivery systems in exchange for US disengagement from the Kashmir issue. India therefore avoided testing any nuclear weapons, and halted the development and the deployment of the Agni and the Prithvi. On its part, after an uncertain start in 1993, the Clinton administration took the position that the Kashmir dispute had to be settled by India and Pakistan bilaterally, although it would like both countries to keep in mind the wishes of the people of the state.

If any country could have stopped the slow drift towards an overt nuclearisation of the subcontinent and possible war, it was the US. But the US had its own irons in the fire.

This mutual sensitivity and accommodation led to a rapid warming of relations between the two countries. Unfortunately, there were other foreign policy initiatives being pursued simultaneously by the US which negated this trend and progressively increased India's sense of isolation. The first was the policy, pushed aggressively by the Clinton administration in 1996, shortly after the confrontation in the Taiwan straits, of engaging China "constructively" in global trade and investment. One side effect of this engagement was a rush of American companies to China. These transferred not only capital but, frequently at China's insistence, a host of sophisticated technologies to that country. Indian policy-makers watched the turnabout with mild apprehension. They had no immediate reason to fear China, but the contrast between the freedom with which the US was allowing its companies to sell or transfer supercomputers, nuclear power plants and

satellite launch and guidance technology to China, while routinely denying such sales to India, became more and more galling by the month.

This was not a product of affronted national pride. Indians know that technology is the source of power in the globalised world of today. Thus its free sale to China and denial to India was increasing the imbalance in power between the two countries almost week by week. With the Sino-Indian border dispute still not resolved, Clinton's policy was having the unintended effect of making India more and more subordinate to China's whims and fancies.

One can only speculate on how India would have tried to rectify this growing imbalance. But by itself it would not have sufficed to push India over the brink. The core group formed by the prime minister, which took the decision to carry out the nuclear tests, knew perfectly well that under US law, the nuclear tests would cut off even the limited flow of technology that existed till then. This meant that without a direct and immediate threat from China, India stood to lose far more than it gained from the tests. The final straw, for India, was not therefore Clinton's 'engagement' with China, but its realisation that his administration had developed ambitions in Central Asia that were an echo of those the British had entertained in the nineteenth century. The Great Game was being resumed, and India would be its unintended victim. For as India had learned to its cost over fifty years, ever since it took the Pakistani invasion of Kashmir to the UN in October 1947 this would mean sacrificing India's interests to those of a Pakistan now being nuclearised at full speed by China.

Unlike the Administration's engagement with China, the resumption of the Great Game took place surreptitiously, in the bowels of the state and defence departments. The Bush administration virtually lost interest in Afghanistan once the Russians withdrew from the country. It was keen to see a return of peace and to ensure that the new regime in Afghanistan would be a democratic one, but was willing to leave the task of brokering an agreement between the Mujahideen groups that had fought the war, and creating the conditions for a general election, to the United Nations. It was the Democrats who found a new justification for getting involved in Afghanistan once more. The overt reasons of the Clinton State Department were its anxiety to stem the flow of drugs out of Afghanistan and to help American companies like UNOCAL find a way into the CIS states,

articularly oil-rich Turkmenistan and Kazakhstan. But there was another, argely unstated, purpose. This was to establish western control over a large art of what Sir Halford Mackinder, the Edwardian pioneer of geopolitical heory, regarded as the "pivot of history".

With the end of the cold war and the disintegration of the Soviet Jnion, the CIS states had literally ost their economic moorings. Jnder the Soviet planning system, heir economies had been ntermeshed with that of Russia o an extent that is hard to imagine n any market-driven economy. The breakup of the Soviet Union and the delinking of currencies and Central Banks of the CIS states rom Moscow in the autumn of 1992, snapped these economic links with brutal suddenness. Consumers in these countries found themselves without roducts they used to take for granted, and raw materials and intermediate goods producers found themselves without buyers. All turned in desperation o the world market. The result was hyperinflation, which fed into a collapse of the exchange rate, which fed back into hyperinflation. Central Asia thus everted more or less to what it used to be in the nineteenth century — a olatile region of inestimable strategic importance. Control of Muslim CIS tates would not only deny control of this region to the only other potential ontenders for global dominance, China and Russia, but would in effect drive a wedge between them. The spectre of a single hostile land mass, tretching from the Baltic to the Sea of Japan, which had haunted British trategists in the nineteenth century, and the US during the early years of he cold war, would be banished, possibly forever.

The break up of the Soviet Union and the delinking of currencies and Central Banks of the CIS states from Moscow in the autumn of 1992, snapped these economic links with a brutal suddenness.

One school of thought in the US policy establishment therefore urged hat the CIS states should be weaned away from Russia by providing them he economic links with world markets that they so desperately needed. But hat would only be possible if these countries were guaranteed a cheap and afe access to the sea. If access through Iran were ruled out, the only lternative route was through Afghanistan and Pakistan. But this required he restoration of peace in the former. Once the UN-brokered, moderate

Rabbani government failed to establish peace (in part because of the support given by Pakistan to attempts by the fundamentalist Gulbadin Hekmatyar to seize power by force) the Clinton administration very quietly jettisoned the requirement of democracy in favour of peace at any cost. The Taliban hard-core Wahaby fundamentalists schooled in *madrassas* established in Pakistan with Saudi Arabian money, and armed and officered by Pakistan army regulars, emerged as the formation most likely to deliver it. Pakistan therefore emerged as a key ally both for the restoration of peace in Afghanistan and the provision of access to the Indian Ocean.

Pakistan's strategists had been harping on their country's capacity to act as a bridge to Central Asia for the West ever since the cold war ended and it began to look as if the US had no more use for their country. But the first actual overtures for forging a new relationship seem to have come from the Clinton administration Only that can explain why Pakistan was able to talk from what seemed to be a position of strength, and insist that it would do no business with the US until it either released the arms that Pakistan had already paid for before 1990, or returned the money

After the Taliban captured Kabul and virtually the whole of Afghanistan south of the Hindu Kush mountains, the vision of a peaceful Afghanistan as a highway to Central Asia became irresistible The US goal was to broker an agreement between the various Afghan factions to form a de facto confederation, with some kind of power sharing arrangement for Kabul In 1996 and early 1997 the US assistant secretary of state for South Asia, Robin Raphel, visited Afghanistan several times and met not only the leaders of the Taliban but also Ahmad Shah Massoud and Rachid Dostam She even got the Taliban leaders to agree to withdraw 12 kms south of Kabul as a gesture of their support for a confederal arrangement, but the arrangement proved unattainable. Two years later, the US Ambassador to the UN, Bill Richardson visited Afghanistan and Pakistan with the same mission. This time the US came closer to success. Richardson managed to broker a series of meetings in Islamabad, the first of which lasted for five hours and ended with a short lived agreement to honour terms for a ceasefire.

Had India and Pakistan been two ordinary countries, the rapid development of a new US-Pakistan axis would not have affected Washington's ties with New Delhi. But the Kashmir dispute made that impossible. The Clinton administration was forced to choose, and gradually came down on

favour of Pakistan once more. The reason was that while it sought to build its post-cold war ties with India on the base of shared ideals, such as a commitment to democracy and the creation of an open market-friendly economy, it was building its relations with Pakistan on realpolitik. Slowly but surely realpolitik won out.

US TILT TOWARDS PAKISTAN

India received its first overt intimation of the change in the US policies in 1993, when the Clinton administration removed Pakistan from the watch list of countries sponsoring terrorism on which it had been put by the Bush administration a year earlier To Indians the reason it gave was suspiciously familiar: the evidence did not meet the standard of proof that had been set down in the relevant Congressional Act This was precisely what the Reagan and Bush administrations had used, to continue supplying military and economic aid to Pakistan in the face of mounting evidence collected by the CIA of the crucial nuclear weapons technology received by Pakistan from China as far back as 1986, of the theft of gas centrifuge technology from a Dutch firm by a Pakistani employee later identified as Dr A Q Khan himself, and the interception of dozens of clandestine nuclear weapons related equipment and materials destined for Pakistan.

The Indian government received another jolt when, only months later, the newly appointed assistant secretary of state for South Asia, Robin Raphel, made remarks during a background briefing to Indian journalists in Washington that seemed to reject the legal validity of the Instrument of Accession signed by the ruler of Kashmir in 1947, and also belittled the importance of the Simla agreement, signed by India and Pakistan in 1972

India received its third and most severe shock when, in the midst of the kidnapping of five American, British, German and Norwegian hostages by a newly formed terrorist group in Kashmir, called the Al Faran, Senator Hank Brown moved a State Department-sponsored resolution in the senate in August 1995, for a one-time waiver of the Pressler amendment, to permit the supply of arms to Pakistan equivalent to the money it had earlier paid.

THE LAST STRAW

For the Indian decision-makers the last straw in this ongoing process of US-Pakistan-China entente was the launch of the Ghauri. Pakistan had cleverly timed it to take place only days before Bill Richardson was to visit Afghanistan, where he needed its mediation to bring peace and open the gateway to Central Asia. When the US responded by expressing the mildest of possible regret at Pakistan's action, India realised that the end of the cold war had not really changed anything. For geo-strategic reasons, the US would always give priority to its relations with Pakistan over those with India. For the foreseeable future, therefore, India was truly alone. Five days after receiving news of the Ghauri, Prime Minister Vajpayee signed the order to go ahead with the tests.

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Nuclear Deterrence In South Asia

The avoidance of outright warfare between India and Pakistan has been due to each side's nuclear deterrent capability. This capability was not openly acknowledged in the past, but now that it is out in the open both countries will have to contend with an overt nuclear weapons situation

DONALD R WESTERVELT

By conducting a handful of nuclear weapon test explosions each and declaring themselves Nuclear Weapons States (NWS) traditionally uneasy neighbours, India and Pakistan, have subjected themselves to punitive sanctions at the hands of the lone remaining superpower. The Clinton administration in the US now seeks congressional permission to partially relieve the sanctions required by existing law. Besides reducing the destabilisation of these neophyte NWS as a result of the automatic sanctions (especially in the case of Pakistan which is now near default), the United States apparently seeks to use the sanctions to gain political leverage over them. The specific goals appear to be to gain their adherence to CTBT and to a possible future treaty on the cutoff of fissile material production, as well as abandonment of NWS pretensions. The first and third of these are unrealistic, and there are other goals that may be more important

Although the response by other states has been almost uniformly critical of the new NWS, it has been restrained; the G-8, for example largely withheld support for sanctions. At the recent ASEAN (Association of Southeast

Asian Nations) regional forum, the US and China sought, through intervention of proxies (Australia, Canada, the UK and Japan), to induce ASEAN members to formally "condemn" the actions of India and Pakistan, but failed. The ARF did, however, "deplore" these actions, leaving the impression that, in fact, they must be considered to have brought about a major and entirely regrettable change in the state of the world. Whether the change is major, however, and whether it is, on balance, regrettable, is debatable. My purpose here is to explore the negative side of that debate, and identify more realistic policy objectives than those stated above.

WHAT HAS CHANGED?

The first issue is whether any major change at all has occurred. The world's largest democracy, and its smaller democratic neighbour, scarcely rogue states, have long been believed to have a nuclear-weapons capability, although neither had acknowledged it. That capability is now at least partially out of the closet, but what has that changed? And is it to be condemned, deplored, regretted, or accepted and made the best of?

There have been no armed conflicts, conventional or nuclear, between nuclear capable adversaries. Peripheral and proxy skirmishes where supreme national interests have not been involved, yes, but where those supreme interests have been identified, ways have been invented to work around even the most serious problems.

It is instructive to consider the adversarial behaviour of the United States and the USSR during the evolution of the cold war. The defining events establishing the pattern of that behaviour, I believe, were those surrounding the Berlin crisis of 1959-1961 culminating in the erection of the Wall in August, and the face-off at Checkpoint Charlie in October 1961, shortly after Premier Nikita Khrushchev had publicly withdrawn his ultimatum regarding a German peace treaty.

Supreme national interests of both sides were at stake, interests that, in the absence of the looming nuclear danger, would almost certainly have led to armed conflict and, most likely, World War III. They did not. A crucial problem for the USSR — the wholesale exodus of the East German population, including its most valuable citizens — was resolved by the Wall, rather than resorting to armed force. Although widely deplored, this was an

acceptable solution to a critical and threatening situation. Thus a pattern was set for crisis resolution, that persisted until the cold war itself vanished into the pages of history.

Richard Nixon ("How to Live with the Bomb," *National Review* September 20, 1985) lists four key conditions for successful nuclear diplomacy: a vital national interest, a margin of nuclear superiority, inadequacy of conventional weaponry, and unquestioned will to take whatever action is necessary to protect that interest. He cites four examples of such diplomacy: Korea in 1953, the Suez in 1956, Berlin in 1959, and the Cuban missile crisis in 1962. I believe that by 1962, the issue of armed conflict between NWS was already resolved; once it became clear that a vital US interest was being challenged by the Soviet missiles in Cuba (and a vital Soviet interest by the US missiles deployed in Turkey), the outcome was predictable. Moreover, the cold war remained cold in spite of later challenges, even though the US margin of superiority steadily evaporated as Soviet deployments continued. Deterrence evidently was less dependent on nuclear superiority than Nixon believed

If Berlin was a defining moment for the superpowers, the events of May 1990 appear to have played the same role in relations between India and Pakistan. A fourth war between these adversaries did not occur in spite of major challenges to the interests of both in Jammu-Kashmir, and war has continued to be avoided Seymour Hersh ("On the Nuclear Edge," *New Yorker*, March 29, 1993) asserts that a nuclear war did, in fact, nearly break out in May 1990, and was averted only through US intervention Devin T Hagerty ("Nuclear Deterrence in South Asia," *International Security*, Vol 20 No 3 (Winter 1995/96)) on the other hand, argues that 'India and Pakistan were *deterred* from war in 1990 by each sides' knowledge that the other was nuclear-weapon capable, and therefore that any military hostilities could have escalated to the nuclear level' Intervention by the United States may have been helpful, in this view, but it was the "logic of deterrence," even though "opaque", that prevailed then and has continued in the years since

This argument is correct, in my view, while the Hersh version seems inadequate to explain the continued avoidance of outright warfare between India and Pakistan, in spite of sporadic and very ugly flareups continuing to this day in the disputed regions, in which both sides as well as local insurgents are implicated.

The nuclear deterrent capability of the two sides was "opaque" only to the wilfully blind. In the aftermath of the May 1998 tests, each side has stated, in justification of its actions, that the tests of the other only confirmed what it knew all along. That is, that each side had the bomb, and therefore the kind of attacks that might have been undertaken prior to development of a nuclear weapon capability on both sides were now out of the question.

The nuclear deterrent capability of the two sides was "opaque" only to the wilfully blind. In the aftermath of the May 1998 tests, each side has stated, in justification of its actions, that the tests of the other only confirmed what it knew all along.

If this deterrent situation has existed since 1990 or even a few years before, it is difficult to support the view that the tests of May 1998 have brought about a major change, provided the results of these tests do not undermine confidence in the mutuality of deterrence It is important that the two sides now act sensibly, which cannot be taken for granted. This should be the focus of any leverage the United States and its partners are able to exert

If there is no major change, but only a transition from opacity to clarity, what is to be deplored? The de-legitimising of an illusion? Illusions are a poor substitute for reality and a fragile basis for policy Overt deterrent capability should lend itself to better management, and mistakes can be avoided in South Asia that were not avoided by the superpowers as the cold war evolved.

DISCREPANCIES EXIST

One response to the tests of May has been a flood of analyses of seismic data and related information accessible to the outside. These analyses have compared the remarkably elaborate statements issued by the testing parties, particularly the Indians, with the results inferred from seismic measurements, and have uniformly concluded that major discrepancies exist.

One of the most complete in terms of the phenomena considered is that of Terry C Wallace ("The May 1998 Indian and Pakistan Nuclear Tests,"

to be published in *Seismological Research Letters*, September, 1998). Wallace concludes that the first Indian event, on May 11, 1998, had an aggregate seismic yield of 10-15 kilotons (kt). The May 11 event, according to Indian statements, involved the simultaneous detonation of three devices having yields of 43, 12 and less than one kt, the largest being a true two-stage thermonuclear weapon having a fission trigger device. Indian scientists R Chidambaram and A P J Kalam, according to John F Burns (*New York Times*, May 18, 1998) distinguished carefully between the "fission trigger" used in the TN device and a "boosted fission" device, whose design had been developed, but not tested. The aggregate yield of these simultaneous explosions thus was claimed to be 56 kt, much larger than that inferred by Wallace. Clearly, something is not right.

The discrepancy between announcements and observations is not new in Indian testing. Their first explosion in May, 1974, was stated to have been fired at a depth of 107m, and to have had a yield of 12 kt, later revised to eight. But at 12 or eight kt, the explosion would not have been contained; no more than about five kt would stay in the ground at the stated emplacement depth. This value is consistent with Wallace's estimate of four-six kt for the 1974 test, inferred from his estimate of the May 11, 1998 event. If the 1974 test was even smaller, two kt or less, the aggregate yield of May 11, 1998 would be only half or less of the 10-15 kt value quoted by Wallace.

Moreover, the Indian statements have identified the "thermonuclear device" with an emplacement shaft where there apparently was no surface collapse crater (none has been shown), and stated that that shaft was 200 or 210m in depth. This further limits the possible yield for this part of the test to a very few kt.

Thus the thermonuclear weapon appears to be fiction. (One Indian scientist, B K Subba Rao, has demanded a parliamentary investigation into the possibility of fraud). The bulk of the May 11 yield must have been in the other emplacement shaft, where a surface collapse was observed and widely advertised by the release of photographs; this was stated to be a test of a (non-boosted) fission weapon.

A similar discrepancy between announcement and observation occurred on May 13. There simply is no seismic evidence for the sub-kiloton explosions that were claimed. Thus, serious questions have been raised about the specific

claims for the tests made by both sides, but there surely remains an irreducible minimum that was accomplished.

NUCLEAR CREDIBILITY QUESTIONED

There are two obvious questions raised by this set of technical facts. The first has already been mentioned. Is the credibility of the nuclear deterrent on either side adversely affected? If this is so, then the move away from opacity creates new dangers. The second is: is it likely that either or both sides will find further tests to be necessary? If so, the entry-into force provision of the Comprehensive Test Ban Treaty that requires adherence by both states could prove fatal to that treaty as it now stands.

Is the credibility of the nuclear deterrent on either side adversely affected? If this is so, then the move away from opacity creates new dangers.

Superficially, the answer to the first question might appear to be "yes". But, considering that neither side can now be assumed to possess less than a stockpile of deliverable five to 10 kt weapons, and considering the damage either could inflict with these weapons on the other's society, it is hard to believe that the caution of the past decade will soon disappear. After all, not much more than this kind of deterrent force could be assumed during the years of maximum opacity, yet it was sufficient Whether it remains so may depend on decisions regarding future deployment modes, to be discussed below

Regarding further tests, they seem likely to be required in spite of recent statements by each side to the contrary. The Indian capability at this point seems to be relatively unsophisticated. For one thing, the Indian boosted weapon has not been tested, by their own statement US weapon designers long ago were forced to the conclusion that the design of boosted weapons is an empirical science, and there has been no reason to change that conclusion. The apocryphal thermonuclear weapon, if it remains an Indian requirement, also would seem to require further attention, although it could be argued that this bridge need not be crossed if simple deterrence of conventional and nuclear war remains the Indian goal.

The Pakistan need for further tests is less obvious, but there was a strong element of "settling the score" in May 1998, and this can be expected to persist

POLICY ISSUES

The United States, as noted above, hopes to obtain leverage in this situation, seeking concessions in return for moderation of the sanctions automatically imposed by US law. That leverage should be used wisely for realistic and important objectives On May 28, the date of the first Pakistani test, Henry Kissinger appeared on CNN to urge just such a moderation but also insistence on certain benefits in return One of these was a significant commitment to non-proliferation goals It is clearly out of the question for India and Pakistan to become adherents to the Non-Proliferation Treaty (NPT) as non-nuclear weapon states (NNWS) and they are barred from accession as NWS by the NPT itself, which defines NWS as those states that had manufactured and exploded a nuclear weapon or other nuclear explosive device prior to January 1, 1967

Those facts need not exclude them from cooperation in the non proliferation effort. Lt Gen (retd) Talat Masood (*DAWN*, July 14, 1988) has suggested that, instead, '..it should be easier to work out an understanding at the regional level under which both countries make certain unilateral bilateral commitments on non-proliferation and these are accepted by the major powers as a part of the global non-proliferation regime' Actually India's record in this area is impeccable, and fear that Pakistan might be responsible for an "Islamic" bomb seems to have diminished in spite of the severe destabilisation already resulting from the US sanctions Nevertheless the Masood approach or something like it is a reasonable goal for negotiation on sanction relief. Acceptance of nuclear reality in South Asia should not deflect the effort to keep nuclear weapons out of the hands of identified rogue states.

Another major objective should be to broker stable deployment arrangements. We have seen that the assumption of relatively small nuclear weapons deliverable by aircraft has proved to be a sufficient deterrent for both nuclear and major conventional war between these two states A verifiable agreement on abstention from quick-reaction missile deployments would avoid the most troublesome aspect of the superpower confrontation

India and Pakistan, if they choose wisely, need never find themselves in the position of "scorpions in a bottle." Lt Gen Masood (ibid) supports this proposal. Nuclear forces invulnerable and slow to take offence can only add to whatever stability is achieved in the area through political means, of which there is little enough. At this point each side has made a proposal unacceptable to the other (India, no first use; Pakistan, non-aggression) that would leave both free to continue the low-level harassment across the Kashmir Line of Control that continues with depressing regularity.

Masood also suggests that the West can enhance stability by assisting both sides in development of command, control, operational intelligence, and nuclear safety procedures; his proposal is echoed and elaborated by US Marine Gen (retd) Bernard E Trainor ("The US shouldn't deplore new nuclear states; it should help them curb risks," *Boston Globe*, June 4, 1998).

CONCLUSION

The short-term outlook for political progress on the Jammu-Kashmir issue – the principle issue between the two NWS neighbours – is poor. As this is written, it is reported that talks between India and Pakistan at the Colombo South Asian summit failed completely. It is clear that old ideas give way to new insights very slowly. Past Indian and Pakistani governments have lived with and protected a closet, or opaque, nuclear option. Present and future governments will have to live with an overt nuclear weapons capability. For the reasons discussed here, both sides enjoy a curate's nuclear egg – parts of it, at least, are good. These are responsible democracies. If they make mature decisions regarding deployment modes, force levels, security and command and control, the potentially bad parts of the egg can be avoided. It is in the interest of everyone for the West to exercise whatever leverage it possesses towards those ends. As the late Norris Bradbury, second Director of the Los Alamos Scientific Laboratory, pointed out, the reason we build bombs is not that we like to kill people; it is to give the political process time to work. Let it be so in South Asia.

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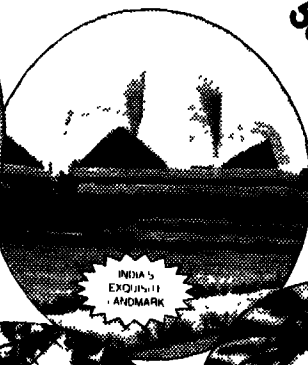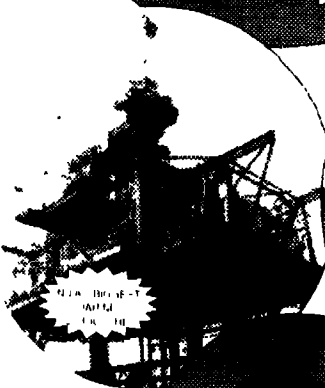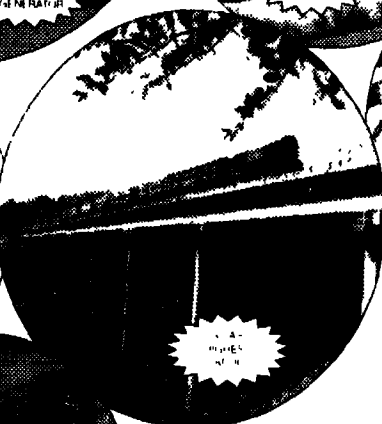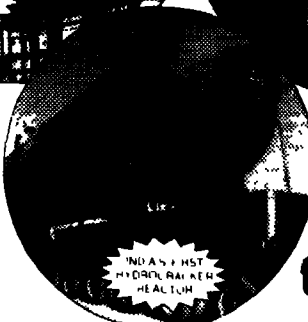
Facing The Future: Breathing New Life Into The UN System

The "UN family" suffers from serious shortcomings and a major overhaul has been long overdue. Although there has been an acute lack of media and public participation in this unprecedented reformation, the question is can these organisations be revived and will the proposals for reshaping the United Nations and its specialised agencies meet the challenges of the twenty-first century?

NAGINDER S SEHMI

IS THERE A "UNITED NATIONS SYSTEM"?

The idea is not "to bury or to praise" to quote, *The Economist* but to appraise and change the United Nations On a number of occasions Britain, the USA and others have called for a drastic rethinking of the UN for the next century. The call applies equally to more than a dozen other Specialised Agencies. Over a decade ago, using the expression a "United Nations System", the first attempt was made by the UN and the Specialised Agencies to look for ways of reducing duplication, and show that they were still efficient and effective. In reality, the "system" is limited solely to common procedures for administration, personnel, salaries, allowances, and benefits The intention was good, but it helped only to camouflage the non-existence of a system and lack of inter-agency co-operation in the so-called "UN family." It is more correct to group these organisations under the heading "Inter-governmental Organisations (IGOs)" than to use the misnomers "UN System" or "UN family."

For a long time it had been realised that to transform the IGOs into a system was an extremely difficult, if not impossible, task. Each agency had come into existence for different reasons at different times to meet different political, technical and socio-economic needs. Each one evolved independently, guided by its sacrosanct mandate, and a charter or convention, into a fossilised structure, generally ending up with an uninspiring programme. Internationally agreed decisions taken after the Second World War to demarcate activities of all these bodies were so general that duplication was unavoidable. The UN Economic and Social Council (ECOSOC), which is supposed to co-ordinate the activities and programmes of all IGOs, has neither the means nor the capacity to do so effectively because it does not have authority over the budgets of all IGOs. All endeavours by governments during the last five years to revitalise ECOSOC have failed. The same governments wonder why they are contributing to more than 30 different budgets.

Governments are often unaware of the cut-throat inter-agency competition existing in a number of vital fields. To justify itself in the face of mounting criticism from many quarters, each agency expends considerable resources to defend its own incompetence, interest, and standing, as if it were a "government" by itself. The numerous inter-agency co-ordination mechanisms, alive, dormant, or dead, have rarely functioned durably. They have been partly successful in the exchange of information, but have not been effective in achieving concrete results through joint action. Frequent co-ordination meetings have helped to whitewash the glaring defects; sometimes they have deliberately tied up the possible solutions into a formidable Gordian knot. We are faced with "a tangled set of organisations and missions within the UN" and cannot expect "to produce sound organisational decisions" simply on the basis of conventional diplomatic bargaining and a "confusion of meetings that are all too often nothing more than factories for rhetoric about reform" (*The Economist*, letters, March 1, 1997).

INITIATING CHANGE

Should we disband the IGOs and start all over again? International pacts have traditionally been signed to avoid wars and conflicts. However,

when international peace accords failed to accommodate national commerc
and political ambitions, the result has usually been bigger wars, invarial
culminating in further armistices, peace treaties and agreements. Out of t
debris of the First World War arose the League of Nations, which w
scuttled by the conflicting interests of European nations and terminated
a wider conflagration: the Second World War in 1939 Fortunately, anoth
peace-keeping mechanism arose like a phoenix from the ashes in the for
of the United Nations Organisation, an institution that has succeeded i
more than fifty years in restraining political conflicts from turning yet aga
into global-scale slaughter. During the same period, a number of No
governmental Organisations (NGOs) were transformed into IGOs and m
of the previously existing IGOs were given a hurried face-lift old wine
new bottles. Must the warring sword be used to cut the Gordian knot
order to create another group of IGOs, capable of meeting the requireme
of the rapidly changing world? Or, has past experience given us the wisdo
to proceed?

To untie the knot three steps are necessary

- Reorganisation of IGOs into a "confederation" of sector-umbrel for specialised functions and common functions.
- Revision of mandates of all IGOs and increasing participation of civ society;
- Curbing the proliferation of meetings

Tony Blair, prime minister of Great Britain, is relentlessly putting in practice the promises by his party in the Labour Manifesto One item wh he has not yet touched is "Leadership in the International Community" the promise that his government "will use Britain's permanent seat on t Security Council to press for substantial reform of the United Natio including the protection of human rights and safeguarding the glob environment". The Manifesto attaches "much higher priority to combati global poverty and underdevelopment". The action it proposes to tak simply to "strengthen and restructure the British aid programme" Th approach is wrong, because it has been well proven that aid does not usuall lead to development. The traditional type of aid can continue to serve very useful purpose in the short-term to help people in distress resulti from famine, floods, earthquakes, civil wars, and epidemics. The long-ter

solution to the development problems of third-world countries lies in generating income-producing programmes for the poor leading to the enlargement of a stable middle class, the real motor of development. In this context, the British government should give first priority to the idea mentioned later in the manifesto: "We will work for greater consistency between the aid, trade, agriculture and economic reform policies of the EU." If Britain can take the lead in initiating integrated, holistic, investment-related programmes, and can "ensure that the developing countries are given a fair deal in international trade", Tony Blair will have extended his motto of "social justice" and "progress" beyond the United Kingdom and the European Union, and thus become the hero of the third world.

The long-term solution to the development problems of third-world countries lies in generating income-producing programmes for the poor, leading to the enlargement of a stable middle class, the real motor of development.

When Kofi Annan, secretary-general of the UN, started his policy review, Sir John Weston, Britain's UN ambassador, in his speech to the British-American Chamber of Commerce in New York, (July 1997) charted a course whereby the UN should be subjected to the same trends of downsizing and decentralisation that have swept through national governments. Old mandates should be slashed, meeting hours halved and outdated bodies dissolved. Organisations should become more flexible and less bureaucratic, adjusting the balance between "inter-governmental activity at the centre and operational services delivered at the grass-roots in the field". If, by the year 2002, some of the "social justice" is to be shared with 200 million people, the two foremost measures that Tony Blair should promote are:

- Empowerment of the poor: enabling people to improve their quality of life themselves;
- Management of globalisation: establishing equitable commercial codes and reducing trade barriers, problems that handicap developing countries in exporting their products.

In order to materialise this dream, Tony Blair will have to face, in addition to the UN, a number of deeply entrenched IGOs which consider themselves the leaders of international economic and social development.

WHY CHANGE?

For a number of years, IGOs followed the course of righteousness. They have spent the best years of their life trying to maintain peace, assist less fortunate countries, and promote improved conditions of labour. Above all they have acquired a vast amount of information and a storehouse of invaluable experience which all too often lies unused and wasted. These days are over; now, the entire effort is spent on running the unproductive IGO "machine". The attachment to this machine is so strong that those representing the governments cannot even see the road to salvation or nirvana. International civil servants have become devotees of self-promotion and owe little to the ideals of the organisations and the good of countries. They have managed to create a philosophical attitude to irregularities, and continue to operate with little regard for integrity and no particular sense of guilt, so the situation continues.

The sumptuous diplomatic parties and reception circuits organised are well known. But more serious is the culture of conferences, meetings, and task groups, which by itself constitutes a vast industry. Delegates get invited to world and regional conferences, spiritless seminars and endless workshops on any conceivable topic on earth. At cocktail parties and dinners one rubs shoulders with journalists, political party workers, bureaucrats, more journalists, middlemen and their wives, editors, itinerant intellectuals, correspondents, diplomats, students, chronic party-goers, and of course counterparts from other IGOs.

IGOs now form a group that has become one of the world's most unprofitable but booming businesses. The system is no longer a meritocracy but an ossified and inflexible bureaucracy manned not by top-notch intellectuals, as is often claimed, but by mediocrities safeguarding their posts remunerated at rates better than those of the best-paid civil services in the world. It is not uncommon for temporary consultants, usually friends of the Chief Executive Officer (CEO) and his senior staff, to do their work. In the 80s, consultants, often unsuccessful, professionally, and out of pocket, were like court jokers and were paid fat fees by IGOs for preparing bulky reports to say loudly and openly what their employers did not dare say themselves. On frequent occasions a sincere consultant has made a genuine, penetrating inquiry into the level of the IGOs' productivity and usefulness, but

international bureaucracy has managed to camouflage the facts in glossy brochures. Staff morale has plummeted in every IGO including the World Bank. The causes are not only thriving "cronyism" and the inability to face the situation of "no war", but also the new accelerating process of globalisation, which is a product of forces not well understood by them. They are out-classed.

As the strongest driving force of governments is commerce and trade, catchwords such as "liberalisation" and "globalisation" have taken precedence over "sustainable development" and "protection of the environment", because the latter do not bring immediate economic rewards.

Governments themselves must bear considerable blame for demoralising international civil servants. Delegates bicker, jockey for posts and hinder progress by introducing political dispute in technical and humanitarian issues. For example, governments have used the IGO trust-fund facility to disburse their own aid money to finance their own nationals or to purchase their own goods for projects The downward slide of the IGOs could well result in their extinction or, at best, redundance Major and rapid changes are indispensable.

The IGOs can be classed into two categories:

- UN and its 17 sector-programmes (including UNDP, UNEP and UNICEF), two convention secretariats (climate and desertification); five regional commissions, five training and research institutions (including a university), eight co-ordination committees; and a number of internal boards and units;
- Specialised and autonomous agencies (including WTO), a total of 19, and a number of sub-programmes

Most of these units operate almost independently, hence there is considerable duplication and wastage. For example, UNEP duplicates the programmes of a number of Specialised Agencies and programmes of the UN itself (eg, WHO; FAO; WMO; Global Environment Facility; Commission for Sustainable Development; Secretariats for Climate Convention, Biodiversity, Desertification, Toxic Wastes, and others). It cannot operate by itself. Five years after the Earth Summit, the spirit of Rio has

lapsed and the UN itself has realised that the environmental stakes have crashed. The strongest driving force of governments being commerce and trade, catchwords such as "liberalisation" and "globalisation" have taken precedence over "sustainable development" and "protection of the environment" because the latter do not bring immediate economic rewards. Criticism from many influential quarters, resulting in serious budget cuts and internal conflicts, has paralysed UNEP. In June of this year, Great Britain the USA and Spain announced the suspension of their contributions. The CEO of UNEP is expected to leave at the end of 1997. National interest is pushing two European countries to uproot UNEP from Kenya in the hope of reviving it in their own countries. The real victim is the environment itself. Such power games are still being tolerated because governments do not have any overall co- ordinated control over IGOs as a group.

UNICEF competes with WHO and FAO in rural water supply and child health. Climate Convention overlaps with the activities of WMO and UNEP. UN Desertification is lost among the programmes of FAO, UNEP, WMO, HABITAT and UNESCO. Co-ordination is equally unsatisfactory between WTO and a multitude of other programmes for trade and commerce, eg, UNCTAD and ITC. The five regional Economic Commissions have become toothless and meaningless even in the regional context.

REVIVE THE MARSHALL PLAN SPIRIT

After the war, while the great powers were preoccupied with reconstruction of their respective countries and implementing the Marshall Plan in Europe, the IGOs began to play a useful role in what we now call the third world countries, and became agents for the rich countries providing technical assistance. Being of a highly fragmented nature, this aid did not necessarily lead to the development of productive forces in the same way as the comprehensive all-compassing Marshall Plan package did for Europe. In this package, America channelled, between 1948 and 1952, more than one per cent of its output (amounting to $13 billion, equivalent to $88 billion today), to permit the resurrection of its cultural homeland (16 European countries).

The Marshall Plan was conceived and run on robust moral principles. George Marshall worked hard to convince the American people that the

Plan was "not a give-away programme. Countries that wanted financial support had to come with feasible plans for economic recovery. The aid had a fixed time and a fixed cost ceiling; it would be administered by an American businessman, not a bureaucrat, and there was plenty of accountability. Without a thriving Europe, who would we buy from and sell to? Without parliamentary democracy on the Continent, what chance was there for continued peace? Twice in 50 years, America had gone to war to keep Europe free of *single-power domination* (italics added), clear proof of how much Europe mattered to America ... He noted that modern communications . had made the difference between rich and poor nations more glaringly visible than in the past, a recipe for future trouble unless something could be done about the disparity" (*The Smithsonian*, August 1997 *George C Marshall, the last great American*, by Lance Morrow).

Can all parties in the present-day aid programmes meet the far-seeing criteria of the Marshall Plan? Have Marshall's ideals, a certain kind of American virtue, been totally forgotten? How much do third-world countries matter to the USA or Europe? Are we sliding towards single-power domination? Are technical and humanitarian programmes run by businessmen or bureaucrats? IGOs, donors, and receiving countries give only lip service to Marshall's remarkable ideals. The IGO bureaucrats have succeeded in keeping the "untrustworthy businessman" at arm's length. Hence the need to change and to revive the vision and the spirit in which the UN was founded. Whatever the political motives of the Marshall Plan, its ideals remain valid for the challenges of the new century.

It is difficult to counter the entrenched interests of various groups and individuals within and outside the IGOs. Evidently, the IGOs have lost their way of righteousness or *dharma*, which is the source of success and happiness, the essence of the world, what life is all about, the holding together of the natural order. Righteousness, not conflict, must be the principle underlying the new "UN System", so that it is durable and flexibly strong enough to mitigate the woes of the world.

IGO'S LOSE THEIR GLITTER

The fifties saw the launching of benevolent aid for the development of third-world countries. IGOs expanded mainly because of this aid. But

after three decades of glamorous aid programmes, IGOs began to lose their glitter. The usefulness of their role as agencies was short-lived. Many reports by the UN itself and others have shown that the manner in which external aid was dispensed left a lot to be desired and often generated negative results, especially in African countries, which became incurably infected with "dependency syndrome". Completion of the Marshall Plan rejuvenated the productive forces of Europe and transformed it into a formidable export and consumer market, whereas technical aid had the inverse end-impact on many developing countries. This trend was confirmed in a recent UNCTAD report (September 1997), which reveals that the average per capita GNP of the richest countries (representing 20 per cent of the world population) has doubled from 30 times in 1965 to more than 60 times that of the poorest aid-receiving countries (also 20 per cent of the world population). Has the UN failed in its role of promoting social and economic equalities? Do the third-world leaders realise that the well being and development of their countries largely depend only on their own people and institutions?

SMALL IS NOT ALWAYS BEAUTIFUL

Once elected, a chief executive officer usually replaces his laudable sentiments for global well-being, peace, co-operation and development with anxiety for self-preservation and re-election. He offers "lollypops" of aid and tempting perks to the permanent representatives of the countries with his organisation, in order to ensure their support. The productive energy of his staff is unashamedly diverted away from the programme approved by the governments to his personal election campaign. In 1994, Boutros Boutros Ghali, launched "the United Nations System-wide Special Initiative on Africa" to catch the African vote for his re-election. Thousands of man days were spent by all IGOs in the preparation of this initiative when it was known that the existing Africa Development Decade was sliding fast towards failure. Mr Ghali claimed that he could raise $25 billion at a time when the donor countries had already lost faith in the IGOs as efficient disbursers of aid. Another flash in the pan ....

The quarrelling of IGOs in fields such as water resources is no less acrimonious than that of India and Pakistan over the Kashmir issue. One cannot imagine how much damage they may have done in generating

disruption in aid-driven development in third-world countries. Catty, cut-throat, yet spineless senior managers are unable to make constructive decisions. They measure their worth by the number of meetings and missions they have scheduled for themselves. Continuing with the example of the water sector, IGOs have been able to defend their failures in aid projects with the argument that there was lack of coordination among numerous national institutions. The fact is that each country has one water resources development programme drawing from one budget This sector is coordinated far better at the national level than it is among over 20 IGOs, each claiming leadership IGOs have often undermined co-ordination safeguarding their own interests. For example, two different IGOs executed two separate projects in the same national water unit, one to strengthen the hydrological programme in Bangladesh and the other to set up a flood forecast and warning system there. Both projects were UNDP-funded It is difficult to believe that the executing agencies of the two projects were not on talking terms.

Millions of dollars were channelled through an IGO over the last forty years to help African weather services, yet African countries still lack the capacity to manufacture a simple thermometer to equip weather stations.

Heads of small IGOs exert considerable power concentrated in their field of speciality, which is often not of major importance within the national socio-economic programme The cutting of aid funds has deflated their pride to such an extent that they have become hypersensitive to any criticism, as well as self-protective and very nervous indeed of losing their small kingdoms. In this situation, being small is not beautiful but potentially dangerous and could mislead the prioritising process.

IGOs have two main fears:

- Their decreased importance and loss of socio-economic impact on the national development activities of their specialised services and of the associated funding, both of which could be provided through alternative channels;
- Their future in the process of restructuring of the UN.

As an example, millions of dollars were channelled through an IGO over the last forty years to help African weather services, yet African countries still lack the capacity to manufacture a simple thermometer to equip weather stations. Any initiatives by countries have been systematically strangled. Experience in the rest of the world has shown that development of Africa and of its weather services will start when an African four-dollar thermometer measures temperatures in Africa and elsewhere. Propose reformation on these lines to a CEO, and he squirms in his chair and screws up his face as if he's swallowed a bad oyster. His staff is caught between the oath to the organisation and loyalty to the CEO. Naturally the fear of losing one's post takes priority over duty to member states and the needs of the people of the world.

INCREASED INVESTMENT

In the G7 meeting in Denver, USA (1997), France had insisted on the continuation of aid in the traditional way. Does she want to maintain Africa's dependency syndrome? All the other big powers endorsed President Clinton's contention that increased investment was the best form of aid. Aid was useful in the early years, when it filled small gaps in countries' budgets, but over the last decade it has come to represent a large proportion of these budgets, which have suffered every time external support has been delayed or discontinued. The fact is that the institutionalisation of aid, especially in the IGOs and also within the ministries of External Affairs of donor countries (eg, USAID, ODA, CIDA, and NORAD), is not beneficial in the long term. On the other hand, many would be indignant if the aid agencies were dismantled. A number of the latter treat aid like a private business: they run their own pet projects, often ignoring the priorities of the receiving country. According to the Organisation for Economic Cooperation and Development (OECD), development aid represents only 0.27 per cent of the GNP of the richest countries. Donors are tired and have lost faith in the traditional approach. In recent years there has been a marked increase in the flux of both governmental and private funds towards charitable organisations.

The time has come to visualise the development of the third-world countries in the same way as that of countries in Eastern Europe. It is not through "UN-type" aid programmes that the rich countries are helping

Eastern Europe to restructure and develop, but through direct investments and collaborative programmes. Volkswagen has taken over Skoda in the Czech Republic, regenerating the productive power of the country, utilising the locally available skills, and creating employment. On the other hand, the UN, UNDP, and most of the Specialised Agencies are not permitted to adopt such a course of action. Equipped with 50-year-old structures, they are unable to keep pace with the realities: rapid globalisation of political conflicts, commercial interests, technological advances, and human resources. More important is the doubling, since 1989, of the flux of private capital towards developing countries, carrying with it more tangible economic growth. Although 80 per cent of these funds go to 12 rapidly emerging economies, this illustrates the point that the role of traditional aid has become insignificant. Figures for sub-Saharan Africa, which continue to receive massive aid funding in proportion to their national income or internal investment, indicate a possible negative impact of aid. Per capita income, which represented 60 per cent in 1965, has plummeted to 35 per cent today. Does this imply failure, particularly of the IGOs, the principal agents of aid implementation?

Hopefully, President Clinton will resurrect Marshall's criteria for giving aid with a genuine desire to help third-world countries to break the dependency syndrome. If so, fragmentary aid must be replaced by long-term investment.

Hopefully, President Clinton will resurrect Marshall's criteria for giving aid with a genuine desire to help third-world countries to break the dependency syndrome. If so, fragmentary aid must be replaced by long-term investment, thus deliberately encouraging entrepreneurship and mobilisation of productive technological forces and industrial resources, and advancement of local expertise, the true type of capacity-building.

The conventional type of aid might be replaced by philanthropic aid from wealthy individuals like Ted Turner and Bill Gates. Such donors are expected in America alone to increase funds from 10 per cent of their income to more than 25 per cent. A number of charities of this kind are now managed by big financial institutions such as Merrill Lynch, which has taken in $2.2 billion in charitable assets in two years. By specifying how his

donation of $100 million annually to the UN should be spent, Ted Turner has given a clear indication that he is not prepared to spend on administration Some moneyed individuals have set up their own aid programmes. It is difficult to imagine what will happen to the IGOs when these philanthropists start to apply the energy, tactics and network skills they honed in business to aid, coupled with investment in the third world. The goal of all international institutions set up in the recent past is linked to economic growth and profit. Does this mean that the IMF, World Bank. European Union, WTO, NAFTA and others are promoting the plundering of the planet and its people for the benefit of corporations? But beware in the name of "philanthropy", individuals and corporate bodies could be dangerous The time has come to reconcile the multitude sources of funds with their efficacy. This is where the IGOs must play their primordial role in safeguarding the planet in a cost-effective manner, which can be achieved only through an holistic approach and integration of the activities of IGOs into a "United Nations System"

THE HOLISTIC APPROACH

For the time being the USA is the unrivalled world power No super power conflict is anticipated in the foreseeable future The world trusts that wisdom will prevail; and the heads of governments must find durable political solutions as regards the reconstitution or restructuring of the UN itself without resorting to or even contemplating seeking solutions through another global war. The Secretary-General of the UN, Kofi Annan, has already drawn up a strategy to reform that organisation He has asked Maurice Strong of Canada to develop specific proposals. Are we falling into the 1948 trap – that of fixing the political component (UN-New York) and assuming that the rest will automatically fall in line? Are governments going to let the other IGOs continue unchanged when the need to reform them is equally important for economic and social development, international co operation and inter-sector co-ordination? A system that is alive and functioning tends to be complex, and complexity is a factor of stability. Such a system functions because it is a whole and not "made of independent parts". Each single IGO has to relate to all others and has no meaning in isolation.

The functioning and management of these IGOs is highly political. Annan is very right in stating that a ministerial-level commission should revise the mandates of all IGOs. For this, he and the Commission need a team of competent management experts as well as the support of the public in general and of the media in particular. Surely NGOs, numerous other institutions, media, and individuals have constructive ideas for reforms. People have the right to be informed regarding their governments' activities in each of the IGOs. This is an opportunity to become transparent. Open the debate to the people of the world.

The role of a new UN System would be to reinforce society and assume greater responsibility in securing social justice in terms of the basic needs of life: water, food, clothing, shelter, education, etc.

The Ministerial Commission should therefore restructure the IGOs with the aim of creating a real UN System, perhaps complex and with many parts, but bound by friendship, compassion and collaboration instead of hostility, intolerance and rivalry.

Transformation of society is not only rapid but highly non-linear. Some experts identify it in terms of a "collapse" of industrial civilisation, which amounts to a negation of society. Positive thinkers call it a "rebirth of society." The role of a new UN System would be to reinforce society and assume greater responsibility in securing social justice in terms of the basic needs of life: water, food, clothing, shelter, education, etc.

In the process of globalisation, the delimitation between an individual state and the world has become less sharply defined; at the same time, there is clear intimation of oneness or synchronicity. The term of "unus mundus" denotes a state in which all forces coexist and individual nations and the world are one. To realise this level of awareness should be the aim of reforming all IGOs. Can we this time create a UN System with a soul, a "world-soul," possibly heralding a "world government", one step further than an inter-governmental forum? Yet evolution of old institutions does not occur in leaps; it is through shocks and crises that they develop. The end of the cold war has indeed caused a significant wave of disequilibrium, but one not powerful enough to alert the public. Nor has globalisation caused much concern. But people do sense a strong fear of *single-power*

domination in a new disguise. Can this fear become the driving force f
reformation?

A SPREADSHEET FOR RESTRUCTURING

Let us assume that the UN secretary-general is the political head of tl
new UN System, a status similar to that of a prime minister in a countr
Unlike the prime minister, the secretary-general does not have any contr
over policy, budget, staff and programmes of the "ministries" responsible f
health (WHO), food (FAO), weather (WMO), labour (ILO), communicatio
(ITU), trade (WTO), funding (IMF), and so on. Within the UN he h
several parallel units, which are a serious source of duplication of programm
of other IGOs. It is not proposed that the "world government" should ha
a structure similar to that of a national government. But the comparis
does expose the vital missing link of political commitment and goodwill t
support all sector (ministry) programmes of other IGOs.

The first step of the ministerial commission in transforming the IG
into a new UN system is to use a spreadsheet to scrutinise and understan
the political basis, mandates, structure, programmes, and activities of t
IGOs and point out inconsistencies and duplication at the very sourc
Strategic planning must be applied, just as in companies, in order to eliminat
the frequently large gap between what the IGOs (governments) set
programmes and policies and the actual workings of the organisations. Th
two-fold objective of the exercise should be:

- Reformulation of responsibilities/mandates, which must correspo
  to a suitably empowered ministry/department/institution at the nation
  level. In doing so, it should be carefully examined whether some o
  these responsibilities might be best carried out by NGOs, particular
  activities pertaining to research, information exchange, scientifi
  evaluations, culture, technology transfer, etc.
- Restructuring (sorting, grading, merging, streamlining, closing) th
  IGOs and their empowerment: the level must be commensurate wit
  the level of government representation, or the status of the activity i
  the national structure. For example, an IGO in which the nationa
  representation is at the level of a department/institute should not hav

its governing bodies and the CEO at the same level as those of an IGO in which representation is at ministerial level.

The key words should be slimming, effectiveness, and a high level of programme co-ordination. As a general guideline, the United Nations (General Assembly) with a CEO (secretary-general) should concern itself with the overall international political issues and policy pertaining to peace and security. It should shift its priorities towards humanitarian interventions dealing with human rights, drug trafficking, disarmament, terrorism, organised crime, economic and social issues arising from peace-keeping and peace-building activities, such as post-conflict relief. It should also monitor abnormal economic inequalities, develop policies, and promote international political goodwill. It must transfer its sector development initiatives and projects to relevant Specialised Agencies. The UN itself, UNDP and even the World Bank have gone beyond their fields of competence in undertaking technical and scientific activities duplicating the programmes of SAs. For example, in recent years, the World Bank, normally a funding agency, obtained base funds from UNDP and executed a multi-million "Sub-Saharan Africa Hydrological Assessment" project which has produced attractive country reports of varying quality, good only for decorating a bookshelf. The Operational Services Unit of the UN executes development projects in all sectors by contracting consultants and companies whose work it cannot supervise competently. These organisations are committing the cardinal sin of undertaking tasks that the private sector could easily do itself. Perhaps the toughest nut to crack is the vested interests of the well-entrenched IGOs themselves. Only political goodwill, determination, and farsightedness of governments can ensure that the IGOs do not sidestep the new proposals. What the CEO of the UN will need is a "ministerial" cabinet, possibly composed of the CEOs of all IGOs,

The Operational Services Unit of the UN executes development projects in all sectors by contracting consultants and companies whose work it cannot supervise competently. These organisations are committing the cardinal sin of undertaking tasks that the private sector could easily do itself.

thus ensuring effective inter-sector co-ordination within the UN System at least at the same level as that within national governments. Such an arrangement should strengthen the UN's paramount role of seeking political and financial support for initiatives and projects of Specialised Agencies

LIBERALISE IGO'S

Another issue that will require special attention of the Ministerial Commission is curbing the increasingly "centralised" or "socialistic" management of IGOs. States (governments) as members subscribe funds influence appointment of secretariat staff, and control implementation of programmes. Participation of non-governmental bodies and the public is not tolerated. The public continues to be fed with propaganda that the UN and its associates can do no wrong. The bubble of false pride must be exploded The IGOs must not be allowed to continue duping conferences and meetings for example, with claims that their programmes have led to major improvement of the water supply and sanitation in third-world countries when it is well-known that as much as 95 per cent of development was due to national effort. One way of rectifying this shortcoming is to make provision for participation of other partners, eg, representatives of civil society, non governmental organisations, private sector, trade unions, academics

In a number of rich countries the private sector has been very dynamic It has successfully lobbied the respective government and obtained in the form of contracts a large slice of the country's (and other) contributions to UNDP, the World Bank, or funds such as the Global Environment Facility Japan and now the European Union and its member states implement their aid programmes largely through their own private sector and are very reluctant to channel their funds through the IGOs.

Bilateral input to third-world countries is expected to expand further It is difficult to see why the IGOs should not interact closely with the private sector, and steer investment and aid to benefit the receiver. If paternalistic and anachronistic IGOs cannot face the liberalisation process, they must undergo drastic surgery and must be trimmed down to basic operations, such as those requiring only formal governmental endorsements.

NEW UN SYSTEM

Solutions to complex problems usually lie in simplicity. The new UN System could well be composed of sector-umbrella bodies (ministries) covering eight areas of responsibility. A proposed regrouping of IGOs and UN programmes follows, indicating specific functions and some selected structural changes (The present structure and level of national representation are given within square brackets)

I POLITICAL AND LEGAL

Peace, security and economic and social justice fall under the UN [UN General Assembly, Ministry (Foreign)] The main specific functions are:

- Peace and security [Security Council, Ministry (Foreign)];
- Disarmament [UNDC, Commission, Ministry (Foreign)];
- Human rights [UNHCHR, Commission; Ministry (Foreign)];
- Rehabilitation and refugees [UNHCR, Executive Committee; various];
- Law [ICJ], Court Tribunal, various].

* The reform of this sector is currently being undertaken.

II TRADE, INDUSTRY AND FUNDING

Economic development, which falls largely within the ambit of WTO [Ministerial Conference, Ministry (Trade)] Related functions are:

- Equitable pricing and commerce [WTO, Committees; various];
- Industrial development [UNIDO, General Conference, Ministry (Industry)],
- Equitable trade development [UNCTAD and UNTC, Inter governmental Meetings, Ministry (trade)].
- Implementation of agreements and legal instruments [WTO, Committees, WIPO, General Assembly, various]

In order to remove duplication and improve co-ordination, UNIDO should become a Committee, and UNCTAD, UNITC and WIPO should be tranformed into Commissions, all within WTO

Funding, which is the principal function of the IMF [Board of Governors; Ministry (Finance)]. The IMF also tries to maintain international financial balance. The others are:

- Project funding [IBRD (World Bank), Board of Governors; Ministry (Finance)];
- Technical assistance [UNDP and UNOPS, Executive Board of ECOSOC; Ministry (Planning)];
- Insurance [MIGA (World Bank Group); various].

In the face of new economic developments and international commercial relationships, technical assistance through UNDP and UNOPS has become relatively less important in the global perspective This function should be transferred to the UN Regional Commissions.

III FOOD AND FORESTRY

Food production and protection of forests should remain the responsibility of FAO [General Conference, Ministry (Agriculture)] Two other separate functions are:

- Funding [IFAD, Governing Council, Ministry (Agriculture)],
- Emergency food [WFP, Inter-governmental Committee of ECOSOC Ministry (Agriculture)]

It is proposed that IFAD and WFP should be transformed into Committees of FAO.

IV EDUCATION, SCIENCE AND CULTURE

Promotion of education, research, and safeguarding cultural heritage should remain the main function of UNESCO [General Conference, Ministry (Education)]. In addition, the UN has three other programmes

- University education [UNU, UN Board of Trustees, various],
- Training [UNITAR];
- Research [UNICRI]

It is proposed that these three functions should be amalgamated and placed under a UNESCO Board.

V HEALTH

Promotion of health services and welfare should remain with WHO [WH Assembly; Ministry (Health)].

UNAIDS [UN Committee, Health Department] should be transferred to WHO.

VI SOCIAL WELL-BEING, EMPLOYMENT
Promotion of social justice and equity is at present split among a number of IGOs as follows:

- Labour/employer [ILO, Conference; Ministry (Labour)];
- Children [UNICEF, Executive Board; Ministry (Planning/Health)];
- Women [UNIFEM; various];
- Population [UNFPA, Executive Board of ECOSOC; various];
- Drug control [UNDCP; various];
- Research [UNRISD; various];
- Habitat [UNHABITAT, Ministry (Local)],
- Migration [IOM, Council, various]

All these functions should be placed under ILO

VII NATURAL RESOURCES, ENVIRONMENT AND ENERGY
This very broad sector covers sustainable development and the protection of the environment Its functions are distributed as follows

- Environment [UNEP, Governing Council, various];
- Sustainable development [UNCSD, Commission; various],
- Metesrology [WMO, WM Congress, Department/Service];
- Assessment and development of water resources-supply, sharing and protection [24 agencies and programmes, various],
- Power production [IAEA, General Conference, Department/Service],
- Implementation of agreements and legal instruments: climate [UNFCCC], desertification [UNCCD]; biodiversity, etc

This sector has the greatest duplication, the least co-ordinated sub-sector being that of water resources Consequently, it is here that the need for restructuring is most obvious

It is proposed that UNEP and UNCSD should be merged into one organisation. "Environment and Sustainable Development Organisation (ESDO)" In order to cover the current functions this body should be composed of three commissions dealing with meteorology, water (new), and energy In addition, ESDO committees should be responsible for: climate, desertification, biodiversity, etc. (Other similar commissions and committees could be set up if required).

VIII TRANSPORT AND COMMUNICATIONS

Coordination and promotion functions are distributed as follows:

- Telecommunications [ITU, Plenipotentiary Conference; various],
- Post [UPU, UP Congress; Department/Service];
- Aviation [ICAO, Assembly; Ministry];
- Maritime affairs [IMO, Assembly; Department/Services.

Each sector-umbrella body (Ministry) would cover relevant aspect of

- Science, technology, research, technology transfer, environmental implications, training and information/data base,
- International cooperative functions,
- Legal aspects of implementing and monitoring international accords and agreements;
- Investment/financing and fair trade (world-wide social justice and equity in the quality of life).

One of the main outcomes of this exercise would be saving of funds required for productive activities, eg, those for helping children, the poor refugees, and protecting the environment. It is of interest to note that thirteen IGOs, excluding the World Bank, have over the last ten years spent US$ 2,700 million annually Of this about 80 per cent covers staff and secretariat costs and a large part of the remainder goes towards the cost of meetings, conferences, and travel

The new UN System could well consist of eight sector umbrella bodies (ministries). The intention of this idea is to minimise failures in co-ordination by interlinking programmes both within and among sectors, as development programmes usually cut across IGO mandates and sectors The spreadsheet evaluation should enable the Ministerial Commission to place the existing IGOs under the appropriate sector-umbrella at the level that each one deserves. However, serious hurdles will surely be encountered in fixing the accompanied political component. Many compromises will be necessary especially at the national level. The idea of sector-umbrellas cannot be implemented unless the political divergences are resolved This is probably the only way of eliminating policy contradictions frequently introduced by national delegations representing different national institutions.

The setting up of sector-umbrellas should permit governments to have a clear overall view of the functions of the IGOs and enable them to

apportion their total country-contribution to the UN System in an equitable manner according to their national economic, social and environmental priorities. IGOs should be able to execute their redefined responsibilities more liberally, co-operatively, and with more precise targets, while retaining their budgetary and programming independence. Opening the door for inter supporting programmes under each sector-umbrella, should create the missing tenuous links between aid, trade and investment, revitalising the catalytic role of IGOs in multilateral aid for well-targeted projects

If governments demonstrate their goodwill, it should be possible to establish a new UN System embracing Marshall's approach to economic aid, Blair's bid for social justice and Clinton's concern for global security Through the reformed UN, they would be able to fulfill the aspirations of their people, rich and poor, without recourse to war

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INDIAN INTERVENTION IN SRI LANKA

ANATOMY OF A FAILURE

The Indian intervention in Sri Lanka in 1987 was a mistake — an ill considered foreign military intervention in a complex and long festering multi-ethnic conflict. Premadasa's "invitation" to leave the country, though humiliating, was only to be expected. The IPKF's military operation was doomed from the start because it was based on an exaggerated notion of India's capabilities and leverage vis-à-vis the LTTE and other Tamil ethnic groups

B RAMESH BABU[1]

On June 1, 1989, President Premadasa publicly announced th Indian soldier would leave Sri Lankan soil by July 29 second anniversary of the India-Sri Lanka Accord. Unveil Buddhist religious pinnacle at Battaramalla on the outskirts of Colomb said that the Indian Peace Keeping Force (IPKF) "came on our invi and helped us. Now they must go and help us by going." Sri Lank to host the next SAARC summit and he added, "We cannot host it self-respect, if a foreign army is on our soil." Premadasa declared th necessary follow up action would be taken by formally requesting the I prime minister, Rajiv Gandhi, to withdraw the Indian armed forces the country.

Soon after the public declaration, the Sri Lankan government was a bit of elbow room in view of India's refusal to oblige with alacrity our government's loud protests against the non-fulfilment of certain of the Accord. While both sides did their best to contain the imbro

political damage at home, the die was cast India had no choice but to withdraw its forces. In retrospect, it seems obvious that we should have left the island quickly and not lingered on as we did.

Matters were developing towards an impasse for several months prior to June 1989. The first strong and clear indication of the failure of our policy came when the Sri Lankan government held direct talks with the Liberation Tigers of Tamil Eelam (LTTE) and India was excluded The fact that a second round of talks was scheduled so quickly shows that Premadasa kept his word with the LTTE, by publicly asking the IPKF to leave the island. Thereby, he established credibility with the erstwhile adversary, and the two went on to do business with each other, so to speak, with a view to edging out India, their "common enemy" That was the fundamental reality, however ironic it might have sounded to India at the time

In the ultimate analysis, the Sri Lankan government and the LTTE, the most militant and the strongest champion of the Tamil ethnic minority, have to work out a *modus vivendi* between them They both have to live in their country, peacefully, if possible, not so peacefully, if it can't be helped They cannot fight each other forever! But, they will certainly do so till there is a hurting stalemate between the two sides India is an outsider and will always remain an outsider High policies and their presumably loftier formulators and advocates often overlook such fundamental facts of life and, in the process, pay for it dearly India, and also Rajiv Gandhi, did so. But, my narrative is going ahead of my analysis

BOLT FROM THE BLUE

Though not completely unexpected, Premadasa's invitation to leave the country "lock, stock and barrel" did come as a bolt from the blue. That he chose to issue the quit order through the press and not quietly through normal diplomatic channels, seems in retrospect, to have been an avoidable discourtesy However, Premadasa saw in it the tactical advantage of throwing down the gauntlet and thereby closing the options. After all, he had publicly promised the nation that he would get the Indian soldiers out as soon as he could. He was also anxious to contain the ultra nationalist Sinhala militant JVP's popular appeal in the country, especially in southern Sri Lanka. Such

a populist move as a public rejection hurled at India, Premadasa hoped would do the trick.

As for India, it was humiliating to get the boot in so unceremonious manner, especially when the IPKF went in at the invitation of and in order to rescue the legitimate and duly constituted government of Sri Lanka. More than a thousand of our brave soldiers died and we spent over Rs 500 crores in a vain bid to uphold the sovereignty and preserve the territorial integrity of the island nation. Premadasa's public announcement amounted to adding insult to injury and came as a rude shock to the *amour propre* of prime minister Rajiv Gandhi, the architect of the India Sri Lanka Accord.

The role of a regional policeman is not an honourable one in the best of circumstances, and it ill behoves India to seek to play such a role. To get militarily involved in another country was unworthy of us even if we were invited by the government of the day.

Patriotic breast beating and moral indignation at the irksome behaviour of the Premadasa government was of no use and would have served no purpose. We had to leave and we did, though after a brief lapse of time. We must utilise this reversal and failure to take a hard and unsentimental look at our policy towards Sri Lanka. We must look for the root cause of why we went wrong and at what point in time. The sad denouement, undoubtedly, was the direct consequence of mistaken policy adopted in haste. We must be honest in accepting that the role of a regional policeman is not an honourable one in the best of circumstances, and that it ill behoves India to seek to play such a role. To get militarily involved in another country was unworthy of us even if we were invited by the government of the day, and by a regular and truly legitimate government unlike that of Syngman Rhee, a Diem or a Barbak Karmal. We could have learnt a lesson from the sad experience of others and need not have insisted on making and learning from our own mistakes. If the government of yesterday invited us surely the government of today has the right to withdraw the invitation. It would have been untenable and also unwise to have stayed on, even if our concern for Sri Lanka's territorial integrity was genuine, or the popular demand from Tamil groups for our continued armed presence was real and

widespread, or the non-fulfilment of this or that condition of the Accord was factually correct. To have gone into the murky waters of protracted domestic ethnic discord was wrong, morally, politically and strategically.

It is sufficient to note the extent of Indian involvement over the decades, without going into the long and tragic history of Sri Lanka's ethnic crisis. The very nature of the struggle and the penumbra of the controversy it unfolds are such that India could neither stay too far removed nor get entangled too deeply. Whenever the cycle of insurgency and countervailing military operations assumed serious dimensions, there was a huge influx of refugees (as is happening right now) and a big hue and cry in the country to do something about the vexed problem. India would initiate, yet one more time, some diplomatic mission or the other and come up with yet another formula. In this context, the Colombo proposals of 1986 seemed a good basis to be hopeful because the Sri Lankan government for the first time accepted the provincial councils in principle. But they were rejected by the militants. India was annoyed because the Government of India made great efforts during the SAARC summit of November 1986 to gather in Bangalore Jaywardene, Rajiv Gandhi, the then Tamil Nadu chief minister, and later Prabhakaran and his aides. In the meanwhile the level of conflict continued to escalate. In view of the worsening situation on February 10, 1987, India suspended its good offices. Despite Indian pleas, Sri Lanka went ahead with its no holds barred military campaign in Jaffna. Under the Red Cross flag, India sent a flotilla of 19 boats with relief supplies, on June 3, 1987. Sri Lanka blocked the flotilla. Next day, India sent the supplies via five Indian Air Force planes escorted by Mirage 2000 fighters, in clear violation of Sri Lankan air space. Suddenly, things began to happen; a flurry of diplomatic activity went on for weeks and an Accord was signed equally quickly.

THE ACCORD

The main points of the India Sri Lanka Accord of June 29, 1987 may be briefly stated here.

Immediate ceasefire (within 48 hours), with surrender of arms of Tamil militants and withdrawal of the Sri Lankan army to barracks within 72 hours

of ceasefire. Merging of the northern and eastern provinces into a single administrative unit with an elected governor, chief minister, and a cabinet. The merger was subject to a referendum to be held in December 1988 in the Eastern Province. Elections to the northern and eastern provincial councils were to be held before December 1987, under Indian observation. The agreement also committed India to militarily assist Sri Lanka in implementing the Accord, if the latter asked for help.

Both parties, the Government of India and Sri Lanka, committed themselves to observe certain mutual obligations, which have wider foreign policy and security implications. Sri Lanka agreed not to make Trincomalee or any other port available to foreign military use in a manner prejudicial to India's interests. Sri Lanka would ensure that the foreign broadcasting facilities on its soil were used only for public and not for any military or intelligence purposes. India in turn agreed to deport from its soil any Sri Lankan citizen engaged in terrorist activities or advocating/supporting secession.

Thus, the onus of obliging Tamil groups to respect the agreement in letter and spirit fell on India. While India secured the consent of the various Tamil groups, the LTTE agreed only reluctantly. Though the Sri Lankan army returned to its barracks, the LTTE cadres surrendered only token arms to the IPKF. Prabhakaran continued to talk about Tamil Eelam. The LTTE started killing members of rival Tamil groups as well as their leaders with a view to wresting the mantle of the community spokesmanship for itself. The LTTE deliberately buried the Indian Administrative Council of the Northern and Eastern Provinces. Finally, the LTTE declared war on the IPKF in October stating that the latter failed to protect Tamil lives from terrorist attacks by Sinhalas.

India's fundamental mistake was to have been lured into the swamp which was also a trap. We should not have gone in with our troops in the first place. Why on earth should we burn our hands to take the chestnuts out-of-the fire for President Jayawardene? Had we chosen to stay out, we would not have been in the unenviable situation of being the unwelcome guests that overstayed and ended up with the embittered feeling of being bitten in the hand by the very birds for whose rescue we went into the bush.

Subsequent developments are now a part of the sad story. India failed to compel the Tamil groups to comply with the agreement in letter and spirit. What was most tragic was that India could never have achieved LTTE's compliance and it is difficult to believe that this was not or could not have been foreseen. We did not get the willing consent and genuine support of all the Tamil groups. We chose to downplay the opposition of the biggest, the most important and the most militant of the groups, ie, the LTTE. We sought to sidetrack it by a futile combination of ignoring and browbeating it and building up rival Tamil groups as our protegés on the island. In short, our involvement was as close to the classic case of an imperial power in the heydays of colonialism or that of the super powers during the Cold War years (viz the US in Korea and Vietnam, the USSR in Afghanistan). Indians, as a people, should be happy that our government failed in its imperialist bid, notwithstanding the "popular" support extended to such an exercise of power in the region.

Militant leaders like Prabhakaran know very well that their power flows from the barrel of the gun. They cannot be expected to give up arms, let alone, do it willingly! Prabhakaran declared that if the safety of Tamils in Sri Lanka had to depend on the presence of Indian soldiers, they would have to be in the island forever.

The battle-hardened Tamil militant leader Prabhakaran knew in his heart of hearts that India had its own agenda in Sri Lanka and that Rajiv Gandhi's Congress party had its own goals vis-à-vis party politics in Tamil Nadu. Militant leaders like Prabhakaran know very well that their power flows from the barrel of the gun. They cannot be expected to give up arms, let alone, do it willingly! Prabhakaran declared that if the safety of Tamils in Sri Lanka had to depend on the presence of Indian soldiers, they would have to be in the island forever (instead of the Sri Lankan army). He knew and believed that his guns alone provided safety to the LTTE and his people. He was wily enough to realise that his umbilical cord to Tamil Nadu had to be protected from the vagaries of party politics in the state. Prabhakaran had every reason to steer clear of the Congress party's (or Rajiv Gandhi's) electoral strategies vis-à-vis the Dravida Munnetra Kazhagam

(DMK), All India Dravida Munnetra Kazhagam (AIDMK), and other parties in the state. For his own agenda in Sri Lanka, it was most crucial for Prabhakaran not to take any chances on this score and alienate the Tamil people's and Tamil Nadu's continued support for his people and movement. This connection across the sea was like the lifeline for the ethnic Tamils protracted fight against the Colombo government.

Here, the convergence of India's and the LTTE's interests taper off. The area of mutuality of interests between the Congress party under Rajiv and the LTTE, naturally, is far more circumscribed. Furthermore, the dynamics of mutual relationships among the rival Tamil groups is far less crucial to India than to the LTTE. In the circumstances, it was most unrealistic of India to have expected the LTTE, (which was for long in the driver's seat in the politics of rivalry among the diverse Tamil groups in Sri Lanka) to cooperate with Rajiv Gandhi in his not-so-subtle bid to undermine Prabhakaran and to prop up his rivals. In fact this whole approach of the Indian prime minister and his close advisers was doomed in advance. Unless they were privy to some vital information of utmost significance, the so-called tristar strategy of India was a non-starter and its rationale is beyond comprehension.

GOING IN WAS A MISTAKE

Our original mistake was to have signed an Accord with the Sri Lankan government to which the Sri Lankan Tamils were not even a party. This was a grave blunder. We should have confined our role at the most to that of an "observer" to a treaty between the Government of Sri Lanka on the one hand and the LTTE on the other, with various militants to moderate Tamil groups in the fray. When we saw that our "considerable clout" with "our boys" (ie, the Sri Lankan Tamil leader camping in Delhi was not yielding the expected response despite our sincere and prolonged exertions, we should have realised that our leverage was limited and that the complex web of domestic discord in Sri Lanka was full of booby traps and minefields. There was no need to have put our neck on the line. We should have known from experience (in Kashmir, in the northeastern region and elsewhere) that when minority citizen groups are locked in mortal combat

with the authorities, discretion is better than valour. Interested foreign governments would get involved only at their peril, we always insisted. We eternally preached the wisdom of such facts to others. But, in Sri Lanka we did not abide by the wise rule, and chose to do otherwise. We should have had the patience and the tenacity of purpose to go on with the difficult, complex and above all frustrating task of bringing the disputants to the conference table, and insisted on their negotiating with one another.

In fact we had no other viable policy option open to us. If the negotiations failed despite our intercession at their invitation, we should have left it at that, however, regrettable such an outcome might have been. We had no business, I repeat, to have signed the Accord with the Sri Lankan government to which the Tamil groups were not even signatories. That indeed was untenable. We would have realised that the military intervention was slated to fail, if only we had been circumspect and cautious in our approach, and honest and sincere in evaluating our own capabilities vis-à-vis the complex, long drawn and emotion-ridden ethnic crisis in Sri Lanka. India did not have, much less Rajiv Gandhi, the acumen equal to the task on hand; nor the leverage needed to make a difference in the outcome. Our military intrusion in Sri Lanka was indeed the proverbial case of rushing in where angels fear to tread.

Yet, Rajiv Gandhi's India seemed enthusiastic and even eager to get into the morass. He gave the impression that the Big Brother was willing and ready (even anxious) to impose the Accord, his brainchild and handiwork, by force. India wanted to bring peace to the war-torn island and we were confident that we could hack it, as they say. That indeed was unwise and thus began a not so proud chapter in India's foreign policy.

It is necessary in this context to recall that when the India-Sri Lanka Accord was finally signed in New Delhi, the LTTE supreme Prabhakaran angrily declared, "Now that Rajiv Gandhi has signed the agreement let him go there and enforce it." We should not forget that Prabhakaran was kept in virtual house arrest in Delhi, and was dubbed intransigent, arrogant and the villain of the peace. Other Tamil groups vilified him, not without encouragement from the Government of India! It is only after prolonged arm twisting and browbeating that Prabhakaran came round to uttering some reluctant words "accepting" the Accord. Once he returned to his jungle stronghold, Prabhakaran and the LTTE cadres vehemently refused to

surrender arms, and took the first lukewarm steps towards compliance only after the Sri Lankan soldiers were ordered back to their barracks in the northern and eastern provinces. Then too, the LTTE surrendered only small arms. It is difficult to believe, that we could not have seen the true mind and innate determination of Prabhakaran and his band of militants, fanatics, if you will.

The LTTE extracted concession after concession on the political front before finally boycotting the elections to the provincial councils. At last, when the IPKF began to close in on the LTTE, the latter struck back like a cornered tiger! Slowly the peace-keeping operation became an open war between the IPKF and the LTTE.

The reason for our failure to see what was apparent to one and all must be found elsewhere. Very soon the situation in the conflict ridden island-nation returned to square one. The LTTE extracted concession after concession on the political front before finally boycotting the elections to the provincial councils. At last, when the IPKF began to close in on the LTTE, the latter struck back like a cornered tiger! Slowly the peace-keeping operation became an open war between the IPKF and the LTTE. India got into the bloody mess of our soldiers hunting and killing Tamil Tigers, and found the task daunting militarily as well as emotionally. The Sri Lankan army had the privilege of watching the tell tale spectacle from the safety of their barracks and cantonments. This tragic anomaly could not have gone on for long. By a strange quirk of events, the tables were turned and the Sri Lankan government of Premadasa and the LTTE drew closer. Their shared objective was to get their newfound, common adversary, the IPKF, out of the country. Politics do make strange bed fellows indeed! It did not require great prescience to foresee that the two would slug it out again once the Indian troops were out of the country. That is exactly what happened and has been happening ever since, during the last seven years.

It is common knowledge that Premadasa was never in favour of the induction of the Indian army into Sri Lanka. He opposed it even as a prominent member of the Jayawardene government. It went against the grain for him to seek foreign help (especially armed intervention) to sort out the country's domestic problems. But, he went along in deference to his

President, although his reluctance was no secret. In the two years of the IPKF operations whatever gains were achieved by way of pacification were more than nullified by the widespread arousal of militant Sinhalese nationalism and the ascendance of native chauvinism symbolised by the JVP (Janatha Vimukhti Peramuna). These developments were neither unexpected nor unpredictable. They could have been easily foreseen, if one cared to see. It is reasonable to presume that our foreign policy advisers and the prime minister himself were fully aware of the complex forces at work. It is difficult to believe that they did not see what seems so obvious to an outside observer, a student of international politics like the present writer, who is no expert on Sri Lankan affairs nor privy to any classified information whatsoever.

The real culprit was not lack of information or knowledge, but dissipation of perspective. Rajiv Gandhi's government was apparently carried away by its own sense of grandeur and exaggerated notions of India's capabilities and leverage vis-à-vis "our own boys". The India-Sir Lanka Accord of 1987 came in the wake of a series of so-called path-breaking accords (Punjab Accord and Assam Accord) that were crafted by the youthful prime minister. Rajiv Gandhi probably saw himself as a saviour -- a gallant knight rescuing a sister government from domestic turmoil, chaos, disorder and worse. He and his advisers obviously had unrealistic notions about our country's (and also their own) capacity to materially influence the myriad forces at work in the protracted ethnic conflict in Sri Lanka. Rajiv Gandhi and his team of high officials must have sincerely believed that they could influence the criss cross of competing ambitions, modify the goals of contending ethnic groups and that of the Sri Lankan government, and somehow forge a final outcome of cooperation, unity and peace in the country! They did not comprehend (let alone foresee) the complex morass that awaits an intruding foreign army even when it goes in at the behest of a legally constituted and legitimate host government. Even if the incoming soldiers are armed with good intentions and carry the banner of peace keeping, the inherent complexities do not have an obligation to become more manageable, than they actually are on the ground. This is the lesson we have to learn.

I am not for the moment saying that India did not perceive threats to its own national interests in the unfolding tragedy of endless ethnic conflict in the country next door. My quarrel is with the rightness of such a perception

and the correctness of Rajiv Gandhi's diagnosis of the storm and his asse of our own capabilities to tame it. The actual fact is that we also h agenda of our own, which was not unlike that of the dominant natio with a power centric approach. It was in consonance with the ter realism at its classical best. This reality further complicates the context intervention in good faith and also mars our leverage and capabili dealing with the inherently intractable ethnic strife in the island-nat

NO NEED TO DOMINATE

The fundamental reason for our getting the boot in Sri Lanka has found in the conceptual enslavement crippling the nation. We s consciously give up the moribund and obsolete notions of "real politik a blindly imitative pursuit of national security, primarily through m means. We must kick the habit of perceiving a deteriorating se environment in the region at every turn. If the government in Sri La in deep trouble or if there is a coup in the Maldives, why should w in with troops? We would not be afraid or become edgy if Pakistan ac a few more fighter-bombers or get worried if Bangladesh fired a broadside against us in an international forum. Worse still, we shoul be rattled by such developments and nervously fashion our policy res like the proverbial cowboy, quick on the draw. That is too dangero everyone around, too irresponsible for a mature nation and unbecom an ancient civilisation like ours. We are a big nation and we should re in a manner befitting our size, strength (and limitations). India shou firm but fair; helpful but non-interfering, powerful but patient, never aggr but ever ready to defend our territorial integrity on the basis of our strength (intellectual, military, economic and technological). We s learn the difficult art of when to ignore and how to say no firmly, a n is simply not negotiable.

If we are a big nation, (in the region and even beyond), let us ac and not like a big bully. We are the dominant power in the region. Bu does not and should not mean that we have to seek to dominate the continent. Because some famous white (American) policy-maker (like H Kissinger) gives us a certificate as "the regional super power" in the of the emergence of Bangladesh, we should not lose our head and pr

to prove him right! We can, and ought to, choose not to behave like the other Big Powers of history. We must learn from the futile interventionist misadventures of other nations in recent history, the USA (in Korea, Lebanon, Vietnam, Iran, Iraq etc), the USSR (in Eastern Europe and Afghanistan), France (in Indo-China) and China (in Vietnam).

Many a modern day Metternich and other advocates of realpolitik justify a militarist or power centred approach to international politics on the ground that nations, like men, should have their two feet firmly on the ground, and deal with reality as it actually is (and not as it ought to be).

Various justifications for the Accord and India's purported role of stabilisation in the region were offered by official spokesmen and strategic "yes" men inside and outside the government. We were told that the desperate government of Jayawardne would have turned to America, Pakistan, Israel or South Africa for help. That would have led to an "unacceptable deterioration in the security environment in the region" in the words of the officialese of those days and also the "realist" conventional wisdom of all times. How could India tolerate, they demanded, such foreign and adverse intrusion into our baileywick, which *ipso facto* and by definition is an unacceptable threat to our national security.

It is high time all nations (including India) learn that the spheres of influence syndrome has done enough damage to world peace. Relying on military force for solving difficult socio political problems is an inherited habit of mind of governments and leaders, and habits die hard indeed! Many a modern-day Metternich and other advocates of realpolitik justify a militarist or power-centred approach to international politics on the ground that nations, like men, should have their two feet firmly on the ground, and deal with reality as it actually is (and not as it ought to be). These well-grounded analysts, however, forget the fundamental fact that their realism is also a theory about reality! Its claims to authenticity or approximation to actual reality cannot be taken as self-evident truths and deserve close and critical scrutiny, just like the other "theories" of reality.

It is time we in India give up the mirage of perceiving the Indian Ocean as an Indian lake. We undoubtedly have enormous economic, political,

cultural and military stakes in the Indian Oceans region. But does tha
us the right to edge all the others off the water front? Why shoul
smaller nations in and around the Ocean accept our hegemony, consid
domination more benign than that of others or even be friendly to
India, if our goals are no different from those of the big powers of hi
If our real objective is to lord it over our neighbours, they will natura
wary of our declared policies and examine our actual behaviour with susp
If our intentions are peaceful and our goals are sincerely responsive to
genuine concerns and accommodative of their equally legitimate na
objectives, the traditional and historic suspicions between nation
especially neighbours can be overcome sooner than people and their le
are accustomed to think. Their perception of India, in the long run
have to be in consonance with our policies and behaviour in actuali

INVOLVEMENT WITHOUT INTRUSION

Let us suppose, for argument's sake, that the Jayawardene govern
turned to America, Pakistan, Israel, South Africa or some other n
for military intervention, would we have been really worse off? Any o
them or any combination of them would in all probability have
similarly bogged down in the mess we found ourselves. We could
have had the satisfaction of sympathising with their predicament. Better
we could have expressed our moral indignation and vociferously conde
the imperialist, theocratic or racist forces (as the case may be) for fishi
troubled waters, and for scheming to gain a foothold in the island!

With our sad experience in Sri Lanka, we should have in our he
hearts realised how shaky such footholds invariably are in reality, and
such bridgeheads rest on culverts of sand. In this day and age it is stup
believe that nations can really enhance the security environment in S
Asia or in any other part of the world through military force, even if
intervention is by invitation. If there are other nations which are an
and stupid enough to step in, let us welcome them to the Sri La
tragedy. It is for Ranatunge, Bandarnaike, LTTE, EPRLF (Eelam Pe
Revolutionary Liberation Front), TULF (Tamil United Liberation Fr
and other Tamil groups and the JVP to sort out the crisis confronting
nation in their own way. At the most we could help marginally

outside, that too only if we *really* stay out. We should keep urging all the parties to the conflict to negotiate instead of shooting each other and waging war.

This is not a plea to run away from problems or the complex mess in Sri Lanka or to abandon the region to its fate We cannot opt out of the region or the world in which we live In the increasingly interdependent world of ours, no nation has such a choice. The important question is not whether we can or cannot disengage, but what is the nature of our involvement, what should be the guiding purposes of our exertions and what should be our long term policy goals Our non-military and diplomatic help should be readily available to ease the situation and to promote reconciliation But, we should not get involved militarily and undertake to accomplish things that are clearly beyond our capabilities We should not fight the battles of other peoples That is the worst thing that can happen to a country's foreign policy We have enough wars of our own to wage at home on the socio economic front as well as on the ethnic and sub-national levels There is absolutely no need to bargain for more trouble.

The overarching issue at stake in Sri Lanka is not home rule, but who will rule at home Such situations are difficult even during so-called normal times, when peace comes Militancy and insurgency with foundations in ethnic conflicts and crises of identity in multi-cultural societies (like India) inevitably make things more intractable at times In such situations foreign military intervention or power projection can only complicate further the tortuous process of arriving at conditions of domestic peace Involvement without intrusion, to help in good faith (from outside), should be the policy guide for India, as well as other nations. This is not easy whether the arena is the community of nations or the neighbourhood housing society! But, that is the only responsible course of action open to mature leadership in this crisis-ridden, interdependent world of ours, on the threshold of the twenty-first century ■

DEVELOPING ECONOMIES IN AN AGE OF GLOBALISATION

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Michel Chossudovsky, London & New Jersey, Zed Books Ltd Third World Network [illegible] pp 280

REVIEW ESSAY SUMIT ROY

The transformation of developing countries is of critical importance to stimulate growth and reduce poverty. This has become all the more important in our age of globalisation -- a globalisation that compresses world economy and that blurs national borders with far-reaching economic, political and strategic implications. A major concern today is the capacity of third world nations to shape their own future. Development theorists have been absorbed in studying this process of economies transiting from an agricultural to an industrial base.

In this context the five books under review are an important contribution to the understanding of themes of development in domestic and international environments The most important dealt with in these publications are social and economic inequality, agrarian reforms, urbanisation, gender, ethnicity, changing faces of globalisation including the utilisation of information technology and international institutions to accelerate growth and curb poverty A synthesis is indeed required of relevant concepts and policies including the best suitable methodology needed for an appropriate transition from an agricultural

to an industrial age as we move into the twenty-first century.

Analysis by this writer reveals that interaction between national and international economies provides a useful conceptual basis for shaping development policies in a changing global economy (H W Singer and Sumit Roy, *Economic Progress and Prospects in the Third World Lessons of Development Experience Since 1945*, Part II, Edward Elgar, UK and USA, 1993) Though this article is centred on development theories it is important at the outset to recognise that the latter can be enriched by international relations theories as exemplified by the "schools" of realism, liberalism, and structuralism

Susan and Peter Calvert's publication is wide-ranging Within an interdisciplinary framework it raises a number of familiar problems, including popular concerns over women, indigenous people, the future of the third world, etc all of which are placed in a rapidly changing domestic international context On the domestic front pertinent socio-economic and political problems emerge against a background of poverty and of basic needs, including clean water, good food, proper sanitation and health facilities, and education, coupled with mounting concern over environmental degradation. Though these problems are well known they serve to acquaint readers with critical problems that remain unresolved. The Calverts explore economic, social and political structures covering basic and complex problems. However, the lack of closer integration of the different dimensions, dealt with far too briefly — fail to furnish a tightly knit theoretical structure to explain the process of change. On the economic front the authors highlight wide ranging concerns: modernisation, dependency, class and state, newly industrialising countries, debt, Bretton Woods institutions, the IMF, the World Bank, and South-South trade. Coverage of social and cultural issues including groups, ethnic cleavages, and family. Politics and political participation unfold concrete realities which need to be grasped for a deeper understanding of the changing nature of the state and politics In this setting state building, nationalism, religion and ethnicity, including Hindu nationalism, corruption, military intervention, authoritarianism, and coercive structures are sharply outlined

However, the perennial problem of 'the weak state' underscores the urgency of establishing competent governments. A more intensive analysis is required of the ways in which access of the majority of people to state power is often thwarted by domestic and foreign forces, and which has critical implications on the formulation and operationalisation of pro-poor policies. It is essential to confront the role of the state in the face of a call to curb public expenditure, embodied in structural adjustment policies initiated by Bretton Woods institutions and in face of the pressure to globalise. This needs to be

accompanied by an analysis of state institutions, exemplified by non-governmental organisations, which may function independently, which may collaborate with the state, or which may, indeed, challenge the latter to minimise economic and social exclusion. Debates on political participation underline criticism of the constitutions of the newly industrialising states of Africa and Asia. The "Westminster model" of parliamentary democracy is closely scrutinised coupled with the role of interest groups, political parties and elections, the rise and fall of one party states, populism and democracy and the relationship between empowerment and democratisation. It is reassuring that the authors recognise that many more third world countries enjoy ostensible democratic structures today than was the case, about twenty years ago. However, many factors inhibit "real participation whatever the theoretical arrangements" (p 177). First, it should be recognised that democracy cannot be imposed from above, and it takes time to establish itself even in the most favourable conditions. Second, democracy, like the market, functions less effectively in conditions of poverty. Third, even in genuine democratic countries much time may be devoted to come to terms with an undemocratic past. Undoubtedly, without participation development will not materialise.

The critical link between development and security complements the discussion on politics. There are nearly 200 countries in the world but only three have no military force; the armed forces are a major expenditure for governments, even in advanced industrial countries, and during the 1980s armies assumed and/or retained political power throughout the third world spending an ever increasing proportion of their countries' wealth on arms with adverse consequences for development. Third world countries have been engaged in armed confrontation and in a number of specific cases in armed conflict. Taking into account civil wars and insurgencies over the past decade at least 35 wars have been in progress with the overwhelming majority involving third world states. They have also been the major target of arms sale from the advanced industrialised countries, often backed by the latter's governments.

The analysis of the "international dimension" is brief. The Calverts argue that the globalisation of world politics tends to reinforce the power of the major advanced industrialised countries in the hot spots essentially confined to the third world, and in the United Nations which has become a northern dominated instrument of intervention.

Howard Handelman's book is premised on the belief that in the post-cold war era Americans have increasingly focused their attention on the third world, with East-West tension replacing North-South tensions. The book is ambitious. It sets out to unravel the nature of more than 140 disparate developing nations ranging from

desperately poor ones, (Afghanistan and Ethiopia) to rapidly developing industrial powers (South Korea and Taiwan). While some, (Costa Rica), are seen as stable democracies, others (Myanmar and Syria), are considered to be highly repressive dictatorial regimes. With all of them sharing common features of underdevelopment. This forms the crux of the analysis along with an assessment of political and economic underdevelopment, with an evaluation of the theories of development and with an explanation of the global problems that the developing countries will have to face in the coming century.

As the discussion on the causes of underdevelopment, on modernisation and dependency theories and cultural values are somewhat scattered, it is necessary to conceptualise the ideas regarding the transition from an agricultural based society to an industrial, and subsequently, an information based society. In this respect, the chapters on Agrarian Reform on the Politics of Rural Change, on Rapid Urbanisation and on the Politics of the Urban Poor are relevant. Though the agricultural sector is a major source of national income and employment, the rural sector has been marked by inequality, low productivity, poor social and physical infrastructure, with the dominant rural classes capturing the major benefits of state policies and often competing for state power with industrialists and bureaucrats. Handelman makes interesting observations on the nature of rural class structures, on the role of agrarian reform and on peasant politics, to establish social justice, political stability, economic growth, and environmental preservation. His emphasis, however, on the failure of agricultural/rural policies in most developing countries — emanating from a bias towards industrial growth and urban modernisation — is somewhat oversimplified. This may have contributed, as in the case of Latin America, to pro-urban government policies driving many peasants into proletarisation, but it is often powerful rural groups who thwart radical policies and who capture the major benefits of rural investments. Rapid urbanisation has certainly created deep problems generating a growing struggle for employment and housing — a struggle that has a tendency of radicalising itself. In this respect, it may not be unrealistic to consider whether in the Middle East, the urban poor and possibly the middle class may turn to Islamic fundamentalism, as in Iran, Algeria, and Egypt, while elsewhere crime and drug usage become substitutes for radical politics.

In the short term state repression may emerge in urban areas as the military and the middle class become fearful of urban crime and disorder. Indeed, globalisation may serve to fragment socio-economic groups and minorities in the urban sector who feel marginalised and victimised. This requires a deeper knowledge of religion and politics, cultural pluralism, the role of women,

and the possibilities of revolutionary change. Though Handelman does not confront such issues in the globalisation framework he, nevertheless, furnishes useful material for analysis. In many countries rapid modernisation has left people psychologically adrift, searching for their cultural identity with the breakdown of traditional village life and long accepted customs. This has often created a void not compensated for by the material rewards of modern life. In the Middle East the indignities of colonialism, neocolonialism, and resentment against Israel and the West have all contributed to that region's religious revival. In Latin America the progressive church offered protection against political repression and expressed the anguish of the poor. The resurgence of religion in the third world was in part a reaction to the deficiencies of modernisation and to the flaws in the political-economic order. Though religious revival is possible its importance should not be exaggerated. Religion will continue to be an important force in the politics of many developing nations but this needs to be seen in the context of other socio-economic forces, including the role of class, caste, ethnicity and culture, in shaping change.

Cultural pluralism and ethnic conflict in the post-cold war era may lead to domestic ethnic conflict and threaten world peace. Such tensions have only recently re-emerged in the former states of Yugoslavia, the USSR and Eastern Europe, but in the third world ethnic hostilities have been the greatest source of conflict since independence — taking many forms with conflicts at the nationality, tribe, race, religion, and caste levels overlapping with each other. Modernisation may offer no easy solution for resolving these issues. If anything urbanisation, the spread of literacy, and increased media exposure may fan ethnic resentment. Undoubtedly, third world multi-cultural societies are going to face a major challenge in the coming century. In order to avoid the horrors of civil war, dissolution into breakaway states or foreign intervention, developing countries should devise legal, political and social solutions which can contain ethnic tensions. The prospects of change in the developing world, and in particular in Asia, through revolutions have dominated most of the twentieth century. But it is now asserted that the age of revolution is drawing to a close in the third world. Given that colonialism has come to an end in Africa and Asia, and with South Africa having moved to majority rule, there may be limited scope for wars of national liberation. These may indeed be replaced by class based revolutions in societies suffering from large socio-economic inequalities, deep rural-urban divisions and non-responsive governments. However, there is some doubt regarding the emergence of this form of struggle because of a combination of factors: the abandonment of Marxists economics in China and other Leninist states in Asia, the failure of the Nicaraguan

revolutionary movement, and Cuba's current economic crisis, all of which are diminishing the appeal of Marxism. Sadly, civil wars, secessionist movements, or ethnic conflicts may dominate the future. The militarisation of third world politics has also become an endemic phenomena. The military's political involvement is so pervasive that it has become a defining characteristic of underdevelopment.

It is widely accepted that most third world governments, except those which are corrupt and ineffective, wish to boost economic growth and modernisation. It is useful to recognise that scholarship is increasingly turning to "political economy": how politics determines aspects of the economy and how economic institutions determine the political process and the dynamic interaction between the two. All the existing evidence seems to suggest that issues such as the "state's proper role" in third world economies is unlikely to diminish, to argue therefore that the "level of government intervention in both the command economies and Latin American statism was undoubtedly excessive" (p. 230) is verging on stereotyping the state. Though the debate on the state versus the market is now almost redundant, lessons need to be drawn from the successes and failures of different "models" in a historical setting. The author's conclusion that there is no single third world is self evident; a conceptual framework, therefore, becomes all the more necessary to capture the key features of development focused on the gains and losses of integrating into the world economy.

As explained earlier developing countries are being increasingly exposed to the changing patterns of globalisation. The three books under review cover, explicitly or implicitly, themes on globalisation and the transformation of developing countries. Information and communication technology clearly are having a profound effect on inter and intra state relations through a process of instantaneous transmission and exchange, thus making differences in space and time irrelevant. The blurring of national borders through technology have ushered in new horizons previously unimaginable. The book edited by Edward Mozley Roche and Michael James Blaine, provides a timely study on the subject. The emphasis is on analysing both the speed and the scope of communications and computation. They have fostered economic growth and development and the greater dissemination of information and knowledge around the globe. Technologies can break down traditional communications patterns which form the social and cultural fabric of many traditional societies. Moreover, instantaneous access to events occurring in different parts of the globe has prompted a fundamental re-evaluation of many long-standing economic, social, and political institutions on both the national and the international levels. While the book does not adequately

explore the socio-political aspects of Information Technologies (IT) it is a useful guide on the measures the developing countries can adopt to implement modern IT to minimise their economic costs and social disruptions. The developing world should carefully analyse the potential economic, social and political costs of introducing IT and develop specific policies to adapt these technologies to their local contexts and needs. The concept of "socially-conscious" telecommunications as an alternative to standard delivery systems is firmly made with the authors advancing some basic beliefs· the first is that information technologies are a critical element in contemporary socio economic systems, and all nations and people should benefit from the wider application and use of these technologies, the second is the rejection of the currently popular notion that the introduction of information technologies, from the production of IT equipment or software to the creation and maintenance of a modern IT infrastructure, can best be handled by the private sector alone. The public sector, emphasise the authors, is vital in this sector. There are many compelling reasons to believe that market based IT policies will limit access. This make intervention by the state or other institutional actors essential.

The first section on the theoretical issues examines the critical impact of IT on the relationship between developed and developing countries through an analysis of multinational corporatio globalisation, and the sociology modernity and economic developmen centred on the costs and benefits pursuing globalising through IT Th political boundaries of individu disciplines inhibit a realistic appraisal emerging global realities Th recognition, based on Mexico's positi in the North American Free Trad Agreement, raises doubts in the hyp "the information superhighw Indeed, it is going to become road" for most persons in develop countries International institution which are responsible for creati programmes for developing countri should continue to question th "inevitable logic" of privatisation seek to reduce "the destructive effe of private enterprise and market forc (p 18)

IT can certainly play a critical ro in boosting the efficiency of lo institutions However, its adoption to be carefully monitored while taki care to use "appropriate" technolog Social, economic and political iss confront developing countries in devisi and implementing informati technology strategies and the possib alternatives available to them. Moreove developing countries can promot domestic software production for expo The software industry is of vit importance to economic developmen and state support is critical to stimulat the supply of working and ventur capital, to expand education and training.

to generate investment in basic software enterprises, and in the domestic telecommunications infrastructure.

Policy makers in developing countries and international institutions should create unique and specialised measures to introduce IT. Useful insights into the practical challenges of IT emerge from case studies on countries including Kenya, Mongolia, Nicaragua, Uganda and Ireland.

The debate on the state versus the market has been at the core of development thinking and strategy. The end of the cold war and the collapse of "socialist" regimes has seriously undermined the feasibility of a "planned" economy with excessive celebration of the virtues of the market coupled with a call for political democratisation. However, the pendulum has swung backwards and forwards and now rests on creating a "mixed" economy to integrate the strengths of both. In this respect it is appropriate to discuss the annual World Bank Development Reports, they have unfolded paradigms impinging on the economics of the state and the market with attempts to mould development strategies. *From Plan to Market World Development Report 1996* focuses on a clinical analysis of the transition of socialist countries with centrally planned economies to a "market orientation". It is argued that this transition was unavoidable. The world is changing rapidly; massive increases in global trade and private investment in jobs, incomes, and living standards through "free markets". It is argued that the state dominated economic systems of these countries, weighed down by bureaucratic control and inefficiencies, largely prevented markets from functioning and were therefore incapable of sustaining improvements in human welfare. It is acknowledged that though these systems guaranteed employment and social services, they did so at the cost of productivity, overall living standards, and environment, through distorted prices, inefficient use of natural resources and antiquated plants. The report concentrates on exploring the experience of economies in transition to identify the major flaws and to pinpointing the critical elements of success. This is a highly ambitious goal, although in a modest tone it is recognised that the countries explained by the World Bank symbolise a diverse array of national histories, and political systems, and require exploring the linkages between these non economic factors and economic outcomes. The report, though wide-ranging in examining challenges to transition, however, is economistic and the findings are somewhat divorced from a historical political economy frame, and from the fact that these countries have embarked on transition from different starting points.

Furthermore, market price — the basic ethos behind reforms — cannot function in a environment of severe macro-economic imbalances and high inflation. A third major challenge is to relieve poverty and address the other ill

effects of transition on particular groups. It is stated that "many gain from transition, and depending again on the starting point and context for reforms, transition can be accompanied by declining poverty from day one. But the vast adjustments involved in a change of economic system can also have adverse implications for many" (p 8) It is reassuring that the losses they suffer need to be resolved through effective social policies and measures that encourage sustained growth. However, arguments for fulfilling such goals within a market dominated context are not convincing

The challenge of consolidation is based on the premise that liberalisation, stabilisation, and privatisation and poverty relief are intrinsic to transition. Well-known formulas for reform are reiterated market supporting institutions, a skilled and adaptable labour, integration into the global economy, good institutions, including good laws and effective enforcement mechanisms, and strong financial institutions. The obsession with "smaller" government which can support and complement "rather than stifle" private enterprises are seen as essential. Undoubtedly there is universal agreement that it is essential to build a strong human capital base by reforming the education and the health systems. Finally, openness to trade and foreign investment is seen as a major force behind strong economic performance across countries. This needs to take into account the historical context of declining terms of trade which faces many developing countries. In spite of this deeper integration into the institutions of the global economy is recommended. Such thrusts cannot be envisaged without fundamental reform of the institutions.

The policies are controversial The socio-economic chaos in many of these countries suggests that increasingly, in spite of the upheavals there is a growing longing for certainty and safety hitherto pursued by the planned regimes In this respect, it is essential to separate the virtues of political freedom and the need for a more democratic structure with economic freedom The debates on combining the state and the market are cast aside in the rush to marketise these economies in the shortest time possible This is likely to have adverse economic and socio-political effects In this respect lessons should be learnt from structural adjustment policies in developing countries

The laudable goals of international institutions need to be placed within a broad historical context, for this can synthesise the theoretical foundations and the socio-economic consequences. International institutions can reduce conflict, stimulate development, and safeguard human rights They can indeed serve as an arena, an instrument, or an actor to advance such goals and create a truly integrated world economy But in actual fact, the Bretton Woods institutions, the World Bank and the IMF, dominated as they are by the richer industrialised countries, have the capacity to impose unpopular policies. On the

other hand, the United Nations, in which the developing countries have relatively more influence, has been plagued with financial instability and criticised for inefficiency, duplication, and unreformed bureaucracy. The United States, which contributes about 25 per cent of the funds, has been reluctant to pay its dues posing severe uncertainty to the UN's capacity to maintain security and alleviate poverty. This has not been helped by the historical conflict between the Bretton Woods institutions and the UN. Hence, in practice, the scope of post-cold war collaboration, eased by a blurring of ideologies and reiterated in documents and media pronouncements, is on shaky grounds.

Integration of national economies into a global context has to confront the harsh realities unleashed in the new post-cold war era by the shift to the market, by the sharpening of inter-regional and national inequalities, and by new forms of inter and intra state wars emanating from territorial disputes, ethnicity, religious fundamentalism, and cultural insecurity. These demand a critical appraisal of the theory and practice of international institutions.

Michel Chossudovsky's book sets out to challenge the professed gains of reforms initiated by Bretton Woods institutions in a fundamentally changed global economy. This is buttressed by facts and figures covering the third world, the former Soviet Union and the Balkans. His radical ideas, rooted in the dependency theory, set out to be provocative and controversial. He tries to make a bold assault on the role of the IMF and the World Bank in reforming transitional economies in the capitalist direction. The themes explored and the evidence unearthed highlight the need to critically question the politics of the Bretton Woods institutions to transform developing economies. Progressive forces can take up the challenges posed by his theories but these need to be related to the formulation of a more integrated international, regional, and national policy within the setting of inter and intra state conflicts. His arguments and findings unfold the consequences of a new financial order which feeds on human poverty and destruction of the environment, generates social apartheid, encourages racism and ethnic strife and undermines the rights of women. The result is a globalisation of poverty. His case studies (Somalia, Rwanda, India, Bangladesh, Vietnam, Brazil, Peru, the former Soviet Union and the Balkans) arouse deep pessimism about the scope of improving the lives of the majority of people and calls for a global struggle.

Chossudovsky's study is underpinned by the ways in which capitalist relations of production seek out markets, raw materials and labour, and absorb poorer economies into the global economy. In the developing world the burden of the external debt has reached two trillion dollars. This has destabilised entire countries and has often resulted in the "outbreak of social strife, ethnic conflicts

and civil war". The book uncovers the process of economic restructuring "imposed by international creditors" and by the Bretton Woods institutions It is forcefully argued that the IMF, the World Bank and the World Trade Organisation (WTO) are regulatory bodies that are operating within a capitalist system and that are responding to dominant economic and financial interests. The critical issue is seen as the ability of this international bureaucracy to supervise national economies through the deliberate manipulation of market forces.

The first part of the book gives us useful insights into the nature of the global economic system and the instruments of intervention The subsequent parts focus on major regions of the developing world to unravel "the revamping of national economies including the destruction of entire countries (eg, Somalia, Rwanda and Yugoslavia) under the impetus of the IMF/World Bank-sponsored reforms." The analysis of the global economic system centres on world unemployment IMF-sponsored reforms have played a decisive role in "regulating labour costs" in a number of countries which has undermined the expansion of the consumer market. The global economic system is characterised by two contradictory forces: the consolidation of a global cheap labour economy on the one hand and the search for new consumer markets on the other. The extension of markets for the global corporation requires the fragmentati and destruction of the domestic econo with the removal of barriers to movement of money and goods, w the deregulation of credit, and with t taking over of land and state prop by international banks and glob monopolies, and the ways in wh powerful industrial and financial inter are increasingly on a collision course w those of civil society is put somew strongly But the ways in which la multinational companies, particularly the US and Canada, have taken con of local level markets shoul identified One should reflect if the g financial system has reached a danger crossroad, for at the core of the econo crisis are the markets for public where hundreds of billions of doll government bonds and treasury bills transacted on a daily basis Undoubte social movements and peop organisations, acting in solidarity national and the international leve challenge the various interests w impinge on the economic process basic question however, is whether the author argues, the global econ system based on accumulation of pri wealth can really be subjected meaningful reform through alteration the rules of world trade and financ

The five books offer useful insig into the socio-economic and politi transformation of developing countr This can form the basis for integra the national (including the local), the regional, and the international levels and

creating a new vision of "governance". This demands revamping the Bretton Woods and the UN institutions, coupled with establishing new organisations, to resolve perennial (poverty, conflict and insecurity) and emerging problems (crime, environment, and migration), supported by national measures, and local democratic participatory movements. The lessons of the recent East Asian crisis, too, could be usefully incorporated especially the limits of the "free market", the ramifications of economic and political freedom and the impact of international institutions on social harmony.

STALINISM & NAZISM, DICTATORSHIPS IN COMPARISON

Ian Kershaw and Moshe Lewin (Eds)
Cambridge, Cambridge University Press 1997
pp 369

MARLIS STEINERT

The title of this volume evinces the heterogeneity and the incongruity of its contents. This was probably unavoidable, given the fact that it is a collection of widely different papers presented at a conference in Philadelphia almost eight years ago. The main thrust of the debate on totalitarianism, for which a team of historians and sociologists had assembled together, was dominated by the divergent positions taken on fascism and communism. While accepting a generic concept for the first, this was not the case for the second. Socialism was endowed with "high ideals" by a number of participants and, the repressions, crimes and brutalities that marked Stalinist Soviet Union were considered only as distortions and perversions not intrinsic to a socialist regime, but due to the man who was at its helm. It could thus be reformed, as was the case in the post-Stalinist period which was not considered by some as a totalitarian system. On the other hand, the "structuralist-functionalist" approach used by some scholars to analyse Nazism minimises the personal factor and focuses on systemic constraints.

To overcome the difficulties of a comparison between the socialist Soviet Union and the "fascist" and totalitarian Nazi Germany, the editors of this collective and eclectic work prefer to speak in their introduction of "a series of pointers towards a comparison" and of "suggesting fruitful possibilities of comparison" (p 9). One wonders to what extent this is not due to the influence of one of the editors, Ian Kershaw, who together with Hans Mommsen (an outstanding protagonist of the structural approach), is an adversary of the concept of totalitarianism. In a number of publications, Kershaw has developed the thesis of Hitler's "charismatic leadership". Based on the model conceived by Max Weber (1964-192), he elaborates again this idea in a contribution entitled, '*Working towards the Führer' reflections on the nature of the Hitler dictatorship.* It

certainly contains interesting elaborations on the difference between Stalin's and Hitler's leadership (p 88-106) and on the inbuilt incapacity of reproduction of the Nazi system. Here he rejoins Mommsen's thesis on "Cumulative radicalisation and progressive self-destruction as structural determinants of the Nazi dictatorship" (p 75-87)

More stimulating reading than these arguments — already well-known in the ongoing debate over the nature of the Nazi and Soviet system — is the contribution of Michael Mann, "The contradictions of continuous revolution" (p 135-157). Undisturbed by scholastic struggles, he claims that the two systems "belong together" For him, the reasons for an inevitable collapse of both were "the contradiction between institutionalising party rule and achieving the party's goal, continuous revolution" According to him, the theorists of totalitarianism had correctly identified these two central features, assuming they were mutually reinforcing, "though they failed to see that the two undermined each other" (p 15)

Also useful are the contributions of Moshe Lewin about "Bureaucracy and the Stalinist state" (p 53-74) and "Stalin in the mirror of the other" (p 107-134), where he rejoins Kershaw in comparing the Hitler and Stalin myths and where he recommends the utilisation of the findings of the numerous studies of Nazi Germany to establish relevant criteria [illegible] research on the Soviet Union

As it is impossible to mention [illegible] the contributions in a short review [illegible] would like to single out the outstand[illegible] paper of Omer Bartov "From Blitzk[illegible] to total war: controversial links betw[illegible] image and reality" (p158-184) In [illegible] conclusion he points to the far-reach[illegible] effects that images of Blitzkrieg propagated by mass media have [illegible] post-war generations, and the light th[illegible] cast on the potentialities of our ow[illegible] civilisation, ie, "To participate and [illegible] remain detached, to observe w[illegible] fascination and yet remain indifferen[illegible] Blitzkrieg "anticipated the phenome[illegible] of the 'real time' report, the symbo[illegible] contemporary humanity's indiffe[illegible] acceptance of, and detached fascin[illegible] with death and destruction" (p 183-18[illegible]

Undoubtedly, this is a volume [illegible] is addressed to scholars, with [illegible] exception perhaps of the still rag[illegible] debate over similarities and differe[illegible] between Nazism and Communism [illegible] two major systems that have domin[illegible] an important part of this century

It is however incomprehensible [illegible] in this day and age, where rapidity [illegible] information has become the hallmark [illegible] our system, that the Cambridge University Press (or the editors?) should have taken eight years to publish this volume In the meantime importan[illegible] works on the subject have been published elsewhere.

NAVIGATING REGIONAL DYNAMICS IN THE POST-COLD WAR WORLD: PATTERNS OF RELATIONS IN THE MEDITERRANEAN AREA

Stephen C Calleya
Dartmouth, Aldershot, 1997, pp 268

STEFANIA PANEBIANCO

With the end of the Cold War the Mediterranean has acquired an autonomous status of its own as a field of research attracting scholars to focus on the specific patterns of this area Having adopted a regionalist perspective, Stephen Calleya's main aim is to highlight the regional dynamics across and around the Mediterranean After having reviewed the secondary literature on the subject, concepts of international region, sub-region and sub-grouping are applied to the Mediterranean area in order to answer some basic questions are there any specific regional patterns that characterise a Mediterranean region? Do these trends towards regionalism imply that a Mediterranean region has materialised after the Cold War?

A thorough analysis of the historical evolution of the Mediterranean and of the current regional patterns provides the reader with one assertive answer, ie. despite Braudel's historical vision of unity, the Mediterranean today does not possess the requirements of a region, in fact, contrasts and diversities exceed commonalities; a "Mediterranean" identity is lacking and cooperative interactions among the countries are absent.

Calleya applies Cantori & Spiegal's framework of analysis, made up of international regions and sub-groupings that are influenced by a core sector, a peripheral sector, a semi-peripheral sector and the intrusive system (the external actors), in order to verify the extent to which the Mediterranean is evolving towards an ideal type of international region The end of the Cold War and its bipolar order, it would seem, has brought diffusion of power and fragmentation Despite geographical contiguity, different forms of regionalism are emerging in each sub-grouping, 'Western Europe is a community of states engaged in a process of integration, while the Middle East remains a region where the dynamics of fragmentation dominates' The Mediterraanean is also conceived of as a frontier between the Western European international region (with its Southern-European sub-grouping) and the Middle East international region (made up of two sub-regions, the Levant and the Maghreb)

In order to offer a comprehensive introductory framework to regionalism, Calleya offers a wide and deep analysis of the Mediterranean adopting both, a historical and international relations (IR) theory approach Besides, theoretical references are often substantiated by concrete examples stemming from an accurate reading of the international press. A wide range of topics is also dealt with, from an IR definition of international region and regionalism to

an historical analysis, from a description of each country acting in the area to trans-Mediterranean initiatives, with specific attention to the role of the great powers and international organisations The result is a very tempting combination of perspectives, especially when the international region ideal types are applied to the Mediterranean history.

Adopting a realist state-centric approach, special attention is focused not only on the political and economic aspects of the states, but also on strategic military patterns of relation Therefore, terms are rarely used in geographical contexts, and often have geo-political implications. The criteria applied to single out the regions in the Mediterranean refer primarily to influences on foreign policy, much less to cultural traditions Regardless of geographical borders, Calleya defines the international regions along politico strategical lines. Turkey (as full member of NATO and associated member of the EU), for example, belongs to the Western European International region, even though it is an Islamic country, and even though it is often regarded as the gateway to the East Beyond a strict geographical framework the other region bordering the Mediterranean, the Middle East, encompasses the Levant and the Maghreb, while a north-south perspective leads to a distinction between a "northern" and a "southern" Mediterranean region.

The in-depth analysis of the patterns of relations between the Mediterranean countries shows a wide knowledge the politico-economic situation of the countries and a good understanding the domestic developments of t[illegible] regions. Calleya also provides an accur[illegible] analysis of every Mediterranean count[illegible] and of the multilateral initiativ[illegible] involving the region Nevertheless, some points the author is mor[illegible] prescriptive than descriptive, especi[illegible] in a fluid case such as the Middle E[illegible] Peace Process, where it is risky to predi[illegible] the future, as they can be easily prov[illegible] wrong

The US and EU are regarded as [illegible] intrusive actors Here and there [illegible] author refers to the support of the Unit[illegible] States as a necessary requirement for [illegible] success of trans-Mediterranean initiati[illegible] as the US plays an essential role i[illegible] Mediterranean especially in security [illegible] military sectors The EU is oft[illegible] criticised for acting as a "fortr[illegible] Europe", but at the same time the E[illegible] is regarded as the only internati[illegible] organisation which is able to exerci[illegible] certain degree of influence in the r[illegible] namely by acting as a econo[illegible] hegemonial power which can acceler[illegible] cooperative patterns of relatio[illegible] throughout the area If the EU is una[illegible] to eliminate the existing divisions, th[illegible] "could lead to the emergence of a ne[illegible] Wall, between the northern and souther[illegible] peoples of the Mediterranean" (p 2[illegible] Nevertheless, the EU role in th[illegible] Mediterranean is depicted in patro[illegible] client terms, almost ignoring the aim[illegible] the Euro Mediterranean Partnership

(EMP) launched in 1995 by the EU, the objective of which was to place all interlocutors on the same footing.

THE IDEA OF INDIA

Sunil Khilnani
London Hamish Hamilton, 1997, pp 263

J C KAPUR

Sunil Khilnani's book is an analysis of post-colonial continuity and evolution of the processes of democratisation and development These were forged through the elitist acceptance of the western style values of modernisation, and were launched by Jawaharlal Nehru as an evolution from the remnants of the colonial linkages to a mixed economy with a dominant public sector The unfettered commitment to a market economy and the initiation of the processes of globalisation commenced during the decade of the nineties. Khilnani has rightly explored three relevant parameters - democracy, economy and cities in his assessment of India's trials and tribulations. The country's successes and failures are part of a process that brought India into the dead centre of the international economic turbulence, with political intervention in its affairs, an expanding urban nightmare, and irreversible ecological developments. The fluidity and unpredictability of India cannot therefore be assessed through the elusive and usually impermanent yardstick of the market place. Similarly, the 'idea of India' cannot be structured on the whims and fancies of transient and often ignorant leaderships. A stable India has to relate to the basic needs, compulsions and diversity of India's politico-socio, techno-economic environment. The author has really not addressed these larger issues. Besides, the historical dimension is missing — a dimension that can hardly be ignored if we want to understand the India of this day and age.

The age-old 'idea of India' was born with human enlightenment and understanding of the cosmic connection. It ordained the human purpose and its unalterable linkages with all animate and inanimate creation. Beginning with word of mouth, and later compiled, the ever evolving knowledge was repeated, broadened, transformed and meditated upon, all the while retaining its linkages with the core. And these endured because they became a part of the individual, and then the community and the nation This inner meaning and images of India prevailed as the foundation for an 'idea of India' and the changes, if any, were largely peripheral, only reinforcing the original purpose. It stayed that way for millennia. There were many external interventions that disrupted its continuity from time to time, but it was soon restored. Various religious traditions that evolved out of the Indic roots of a Vedic way of life such as, Buddhism and Jainism and more recently Sikhism and Sufism, were all a

celebration of a single essence of the 5000 year old monumental civilization, that created and recreated itself through many historical disruptions and transformations

The Mughal conquest of India started as an Islamic imposition, but for the sake of stability it had to relate to the Indic context. And when this was abandoned and attempts were made to impose an alien psyche through Aurangzeb's imperial dictums it brought about the downfall of the Mughal empire, and a failed idea of Islamic India

The British idea of India narrowed down to trade and profit Thus corrupting the established mores of inter religious tolerance and understanding and bringing the country to a state of bipolar religious hypnosis, which resulted in partition, and the 'idea of India' was further destroyed.

The Gandhian struggle for independence developed another idea for India — the idea of rural republics, of contented, innovative human beings, serving the human purpose within the idiom of Indian continuity Nehru, on the other hand, aimed for an urbanised, industrialised India, unfettered by the traditions of the past, symbolising the spirit of a new India Divorced from historical continuity the cities and industries — symbols of new modernity — became the new temples This was not an India of a plurality of gods, but a god imported from the West. The westernised elite, beneficiaries in this orientation, lapped up this 'idea of India', but all this has become an island in India's ocean of a billion people Nehru's dre of a spiritualised socialism was hijack and transformed into a haven for the who could break into the system heredity or crony political power n economic vandalism India neith remained in direct touch with its glorio past, nor was it vigilant enough to imbil the rapidly shifting idiom of economic sciences and technology It could on carry a fraction of its population tow that glorious media operated illusion consumerist good life Even this ide India' fractured through its ow contradictions To recover from position of slow growth in a mix economy, it shifted gear to accele processes of marketisation a globalisation of the economy T collapse of the Soviet Union remov the mental blocks in reaching out t the market place Before this proces could take root, Asian tiger econom went into a tail spin The recession a unemployment plagued the economi of Europe, and stalemated Russian effo towards the market economy T Mexican experience with free mar and free trade was even worse shattered many of the dreams illusions, which fired the imagination the elite Thus another 'idea of Indi now in suspense The lessons to be le are that India can only be built b Indians, that development goes beyon GDP, and that vital 'beyond' is of no interest to international investors Socia and economic progress must go hand hand, and cannot be delinked from th 5000 years of continuity and linked to

the imperatives and ruthlessness of globalisation.

A new 'idea of India' closer to the reality of the Indian ethos of religious tolerance, of a concept of trusteeship in economic aggregation, and social responsibility must take painful birth, reaching out beyond man made laws, seeking an age-old unity that would harmonise with new modernisation A new 'idea of India' rich in its diversity, humane, compassionate, unfettered by the illusions of a consumerist grandeur, that is subverting man and ecology, must take shape

Though Sunil Khilnani has made an incisive analysis and has raised some valid questions about the survival of the original 'idea of India' in the changing global environment, he has really not attempted to answer some of the basic questions faced by the country In fact, he has bypassed the real idea of India, and has produced a publication that is not dissimilar from the others that are published in the West on contemporary India

FOR A STRONG AND DEMOCRATIC UNITED NATIONS: A SOUTH PERSPECTIVE ON UN REFORM

London & New York, South Centre, Zed Books Ltd, 1997, pp 229

NAGINDER SEHMI

The South Centre is an inter-governmental organisation of developing countries. The Centre has prepared this book with the help of many internationally known experts.

The book presents the views shared by the developing countries regarding the current world agenda of reform of the United Nations, the International Monetary Fund and the World Bank. It succinctly describes the workings of these organisations, their achievements, defects, weakness, political, and economic pressures from the "rich" North and fears of the "poor" South. All international civil servants, diplomatic corps, as well as media and representatives of civil society must read this book because they are often not well-informed about UN politics and can misrepresent the reality. Unfortunately the two-tier title of this very readable book is too political to attract common readers. Nevertheless, it should serve well to remove the misgivings of the confused public of the North

Part One (chapters 1 to 3) outlines the issues at stake for developing countries and the uphill struggle for the world community to fulfil the UN mission During the past decade, a few powerful countries of the North have eroded the UN's political, economic and social role, which was meant to advance the interests of humankind as a collectivity Part Two (chapters 4 to 9) analyses the dimension of the UN reforms, the campaign by the North to distort the image of the UN, and the unilateral US financial stranglehold to deprive the UN of all power. Part Three

(chapters 10 and 11) outlines the proposals for reform.

For the South, the UN Charter represents the global consciousness of the worldwide community. The South is grateful to the UN for its help in decolonisation, for setting benchmarks for international cooperation and for being a fertile source of new ideas. Until recently, third world countries had developed steadily. However, the rich North considers this to be a danger to its political and commercial security. Therefore it is reluctant to associate trade with aid when negotiating commodity prices, and technology transfer. It is unwilling to restrain the unchallenged conduct of the transnational companies. It kills collective action or economic initiatives by the South. The reader is left with the impression that the South now counts on the UN to surmount its increasing dependency and socio-economic insecurity.

The South is alarmed by the fact that the current IMF budget is entirely financed from the South's payments on loans. The North uses the IMF loans as an instrument of controlling domestic policies of the South. The IMF cannot influence the malpractices of rich countries because they do not borrow. By distancing itself from the UN, and looking for quick profits, the IMF has undermined the role of the UN in the social and economic fields. The book underlines a strong case for arresting the decline of effective, democratic and pluralist international institutions.

The South recognises that its ethical and democratic vision has to contend with the reality of political power and economic dominance; but it fails to take this factor into account when making proposals for democratisation of the UN. The question that the book does not answer is how to implement the South's proposals to prevent further erosion of the UN's strength. It also overlooks the fact that the rich have never voluntarily shared their power with the poor unless they were obliged to. Does the South have the means to turn the tide?

Chapter Five describes very well the financial power game of the North in the UN. An organisation is what its members make it. At present, the South is confronted with a marginalised UN General Assembly. The IMF and the World Bank, absolute leaders of international finance, are not accountable to the UN. All political power is vested in the victors of the last war, the five powerful permanent members of the Security Council. They want to hold on to that power at any cost. For them, the South did not exist when the UN was founded. The UN Charter was meant for only the previously warring countries — democracies and dictatorships. The South has revealed that the number of countries under IMF "tutelage" is increasing and so is "economic menace and coercion." It would be presumptuous on the part of the South to expect its proposals to make the UN strong by bringing the IMF and the Security Council within the fold of

the UN General Assembly The UN and many other international organisations are products of war They cannot avoid being highly political and smothering justice and fairness. National interest takes the front seat. Power counts Money talks. This is the world we live in Therefore, the wholesome UN concept has first to be liberated from the "war and dominance syndrome"

Nevertheless, the South is trying to assuage the fear of single power domination by invoking the democratic principles of the UN Charter, when it knows that the North's actions are designed to strengthen economic supremacy over developing countries who are not allowed to participate in the management of the IMF, not in the core of the Security Council The North is not disturbed by the fact that the IMF has failed to carry out its mandate to put the world monetary, financial and trade system on an orderly basis and to develop third world countries It appears that the book intentionally avoids the issue of unilateral punitive sanctions, which have become a monopoly of the US government, against other countries and individuals.

The book ends with a "disheartening" note seeking solace in the "transcendental" value of the UN Charter, hoping that it will loosen "the financial tourniquet to the UN" and to the developing countries. It contains a good dose of eye-opening factual information which enhances readers' interest. One can only hope that the people of the North would use their democratic rights to change the undemocratic attitude of their governments regarding reform of the UN The South's genuine concern for welfare of the global community requires that all must read this book.

PRIVATE ARMIES AND MILITARY INTERVENTION

David Shearer
Adelphi Paper, The International Institute for Strategic Studies, New York, Oxford University Press 1998, pp 316

MARY C CARRAS

The end of the Cold War has enriched our lexicon of euphemisms A newly-minted one portrays some badly tarnished actors as legitimate players on the global stage. These have long been known as mercenaries But their modern *avatars* and proponents hope that terms like "military company," and "private security industry" will impart to them the legitimacy they seek to expand their operations and profits. In a business-oriented world, words like "clients" and "contracts" may persuade some that these mercenaries share the legitimacy of a bona fide business operation. While both are profit-oriented, the former's

business is war. The fact that their "business" is sanctioned by some governments and even by international organisations like the IMF does not change the nature and odour of that business. Nor is their image enhanced by "respectable" addresses in Washington DC, London and other major capitals. They are, undeniably, far more versatile than traditional mercenaries, as vigorously argued in this brief and articulate (if not wholly persuasive) paper. They effectively serve as foreign policy proxies for powerful Western governments. They may provide a vital service to weak governments (mostly in the developing world) faced with insurrections at home. Lacking a viable military machine, these governments hire the private armies of military companies. For similar reasons, multinational firms operating in politically unstable areas pay for their services.

Does the rise of "military companies" fill a need for a new kind of military muscle in a fundamentally changed global environment, as maintained by Shearer? Or is this novel mercenary crafted to perform old-fashioned military functions in the "new world order" — through the time-honoured business method of "passing the costs on to the consumer" who can least afford it?

The powerful have always portrayed "reality" to suit their interests, defining also the terms of dialogue. Thus, it is indisputable, says Shearer, that political instability threatens access to strategic natural resources in whose exploitation multinational corporations have a stake. While we may question that right to "access," we cannot dispute that powers with strategic interests in areas of civil conflict gain from such operations. It is equally true that their citizens, though enjoying the benefits of hegemony, lack the political will to support its political, economic or military costs. From all this he concludes that military companies can and should fill the void once wholly served by traditional armed forces. Recent "successful" interventions by such companies have been undertaken in several African countries, in the Balkans (especially Bosnia and Croatia) and in Asia (Papua New Guinea). While they also get involved in combat support, for the most part they provide military advice and training, equipment delivery and other types of logistical support, guarding of property and personnel, risk analysis, and crime prevention services (the latter extensively provided in Russia). Insofar as the major powers are concerned, Shearer is preaching to the converted. As he himself makes clear, the private "military sector" is overwhelmingly American and British, and relations between these companies and their respective home governments are very close, particularly in the United States. The proverbial revolving door ushers the same personnel in and out of military companies, various government agencies (principally the Defense Department and Armed Forces), and multinational corporations

Military companies are beneficial because they reduce costly military budgets and avoid the image projected during the 1960s by Western troops in Africa as agents of colonial powers. One has to wonder how equally the costs and benefits are shared between the rich and powerful and the poor and weak. For the powerful, the political costs of casualties are certainly eliminated, and soldier and veteran benefits reduced. While mercenaries leave "no troublesome widows and orphans," the latter must certainly be troubled. Does a "client" government like Angola benefit as much as third parties like the US and Gulf Oil? For the latter, military companies do provide one of the cheapest ways (financially, politically and morally) to promote their political, economic and strategic interests. Hence, they are increasingly relied on by states and business concerns. The American firm, Military Professional Resources Inc (MPRI), hired by the Government of Angola, was able to serve American goals "without the need to secure Congressional approval" – another "virtue" of security companies. Managed by senior retired military personnel, the MPRI, worked as an extension of American foreign policy in Angola, as it did in Bosnia.

It strains credulity to say, as Shearer does, that these military companies are not moved by ideological considerations but by profit only. As he himself argues elsewhere, where these military companies support foreign-policy and commercial interests at home, "they are not only condoned but welcomed." He concedes, however, that they have certain limitations: they are reputed to be violators of human rights, and they lack accountability, which in turn makes it difficult to ascertain whether suspicions about human rights violations are well-founded. Hence, such concerns do not trouble the author greatly. Taking a realpolitik stance, he rejects moralistic criticisms in favour of pragmatic considerations in our bellicose world (by which he means largely the Third World). Given the growing reluctance of the major powers to directly intervene in unstable areas, and the supposed shortcomings of UN peacekeeping operations, Shearer urges states and international organisations to "engage" with these military companies and recognise their potential in dispute resolution.

Shearer starts and finishes with an urgent plea to drop the label "mercenaries" in favour of "military companies." He argues that they differ from mercenaries in that they play a positive role, serving to stabilise volatile situations. Assuming that they do so, is it not equally plausible that they may use their talents and resources to create destabilising conditions as well, if that serves their government's national interest? Doubtless, they would do so even if it hurt the "client" government's interests?

Even apart from such considerations, we must question the author's thesis.

What David Shearer seeks to legitimise is the "privatisation" of war — at least civil and/or limited wars in "unstable" areas of the world. As evident from his paper, this trend toward privatisation is already ongoing. He merely advocates hastening the process by removing obstacles in its way. Thus, he asks that the tainted "mercenary" label be removed, and that international law on mercenaries be invalidated since its definition is inapplicable to military companies anyway Removing war from the public international sphere, however, means removing it from the public forum of debate and collective action – another "virtue" possibly?

The most striking aspect of this trend is its congruence with the privatisation of many other heretofore public and inviolable spheres of human endeavour Thus, we are seeing the privatisation of health care through the rise of for-profit hospitals, and the privatisation of jails in the United States We are also witnessing throughout the world the privatisation of knowledge and the privatisation of the high seas (especially the seabed) Nothing seems to be beyond the sphere of commercialisation, whether it is the "harvesting" of animal and human organs, or the privatisation and exploitation of biodiversity and "designer-genes" for profit

Even the rationales provided for the privatisation of war are analogous to those justifying, for example, the "downsizing" trend in business. Advocates of both argue in favour of reducing costs by eliminating benefit[illegible] health insurance for full-time empl[illegible] (or soldiers). Moved by sim[illegible] considerations, academia is grad[illegible] replacing full-time professors with [illegible] time lecturers or "contract" fac[illegible] Whether it is education and med[illegible] or the health and financial securi[illegible] the aged, the criterion applied is [illegible] same: how business can profit and [illegible] the financial burden of services ca[illegible] passed on from government and busi[illegible] to the consumer The reader can de[illegible] who benefits most from the privatis[illegible] of war

THE COMING CONFLICT WITH CH[illegible]

Richard Bernstein and Ross H Munro
New York Alfred A Knopf 199[illegible] pp 24[illegible]

HARISH KAPUR

This publication has a simple [illegible] outspoken thesis China and [illegible] United States are on a collision [illegible] The authors base their hypothesis [illegible] arguments that run through the [illegible] that China is out to dominate A[illegible] it is striving to "replace the United S[illegible] as the pre-eminent power in A[illegible] 11)

Bernstein and Munro [illegible] painstakingly sifted a wide arr[illegible] Chinese documentation to prove [illegible] point of view a documentatio[illegible] which the Chinese leaders accuse [illegible]

US of blocking their foreign policy ambitions, and for spreading "spiritual pollution" in the country.

To effectively achieve these goals, *the Chinese are modernising their armed forces*, fine-tuning their nuclear expansion programme, and adopting an outward looking military posture. At the same time, Beijing has successfully established a "New China Lobby" of powerful political figures, the most important of which is Henry Kissinger. Kissinger has established a consultancy firm (Kissinger Associates), and has launched the America-China Society with a galaxy of prominent Americans as board members, including Cyrus Vance, William Rogers, Zbigniew Brzezinski, etc. The two authors, in fact, have charged that Kissinger's views of China are "almost identical to the view put forward in public statements by Chinese leaders themselves." (p. 118)

It is interesting to note that this outspoken anti-China thesis is inverse to the new Sino-US entente after Jiang and Clinton's visits to the United States and China respectively. For the Clinton Administration has formally inaugurated its new decision to rank "US relationship with China as America's No 1 strategic concern," (*Time*, May 11, 1998) and to forge some sort of a strategic partnership with Beijing.

Clearly, the US is divided on China. The Administration's perception is very different from views held by an important segment of the US public opinion. The level of the disagreement can be gauged from the fact that hardly had Clinton returned from China, but the US Congress passed two resolutions supporting the US policy of arms sale to Taiwan, and giving its stamp of approval to the island's entry to the International Monetary Fund and the World Bank.

The Bernstein-Munro publication is not an analytical account of Sino-US relations, it is a book in which the authors announce their colours in the very beginning – colours of an anti-China stance. They repeatedly highlight *the growing menace* of China against which Washington must prepare itself by encouraging the Taiwanese to maintain a credible defensive deterrent, and by strengthening Japan, since the US "alone can no longer fill," (p. 219) the growing power vacuum in Asia. ■

DOCUMENT I

STATEMENT BY PRIME MINISTER SHRI ATAL BIHARI VAJPAYEE IN PARLIAMENT ON 27 MAY, 1998

Sir,

1. I rise to inform the House of momentous developments that have taken place while we were in recess. On 11 May, India successfully carried out three underground nuclear tests. Two more underground tests on 13 May completed the planned series of tests. I would like this House to join me in paying fulsome tribute to some scientists, engineers and defence personnel whose singular achievements have given us a renewed sense of national pride and self-confidence. Sir, in addition to the statement I make, I have also taken the opportunity to submit to the House a paper entitled, "Evolution of India's Nuclear Policy".

2. In 1947, when India emerged as a free country to take its rightful place in the comity of nations, the nuclear age had already dawned. Our leaders then took the crucial decision to opt for self-reliance, and freedom of thought and action. We rejected the Cold War paradigm and chose the more difficult path of non-alignment. Our leaders also realised that a nuclear-weapon-free-world would enhance not only India's security but also the security of all nations. That is why disarmament was and continues to be a major plank in our foreign policy.

3. During the 50s India took the lead in calling for an end to all nuclear weapon testing. Addressing the Lok Sabha on 2 April, 1954, Pt Jawaharlal, to whose memory we pay homage today, stated, "Nuclear, chemical and biological energy and power should not be used to forge weapons of mass destruction." He called for negotiations for prohibition and elimination of nuclear weapons and in the interim, a standstill agreement to halt nuclear testing. This call was not heeded.

4. In 1965, along with a small group of non-aligned countries, India put forward the idea of an international non-proliferation agreement under which the nuclear weapon states would agree to give up their arsenals

provided other countries refrained from developing or acquiring such weapons. This balance of rights and obligations was not accepted. In the 60s our security concerns deepened. The country sought security guarantees but the countries we turned to were unable to extend to us the expected assurances. As a result, we made it clear that we would not be able to sign the NPT.

5 The Lok Sabha debated the issue on 5 April, 1968. Prime Minister late Smt Indira Gandhi assured the House that "we shall be guided entirely by our self-enlightenment and the considerations of national security". This was the turning point and this House strengthened the decision of the then Government by reflecting a national consensus.

6 Our decision not to sign the NPT was in keeping with our basic objectives. In 1974, we demonstrated our nuclear capability. Successive Governments thereafter have taken all necessary steps in keeping with that resolve and national will, to safeguard India's nuclear option. This was the primary reason behind the 1996 decision for not signing the CTBT, a decision that also enjoyed consensus of this House.

7 The decades to the 80s and 90s had meanwhile witnessed the gradual deterioration of our security environment as a result of nuclear and missile proliferation In our neighbourhood, nuclear weapons were increased and more sophisticated delivery systems inducted. In addition, India was the victim of externally aided and abetted terrorism, militancy and clandestine war.

8. At a global level, we see no evidence on the part of the nuclear weapon states to take decisive and irreversible steps in moving towards a nuclear-weapon-free-world. Instead, we have seen that the NPT has been extended indefinitely and unconditionally, perpetuating the existence of nuclear weapons in the hands of the five countries

9 Under such circumstances, the Government was faced with a difficult decision. The touchstone that has guided us in making the correct choice clear was national security. These tests are a continuation of the policies set into motion that put this country on the path of self-reliance and independence of thought and action.

10. India is now a nuclear weapon state. This is a reality that cannot be denied It is not a conferment that we seek; nor is it a status for others to grant It is endowment to the nation by our scientists and engineers. It is India's due, the right of one-sixth of human-kind. Our strengthened capability adds to our sense of responsibility. We do not intend to use these weapons for aggression or for mounting threats against any country; these are weapons of self-defence, to ensure that India is not subjected to nuclear threats or coercion. We do not intend to engage in an arms race.

11. We had taken a number of initiatives in the past We regret that these proposals did not receive a positive response from other nuclear weapon states. In fact, had their response been positive, we need not have gone in for our current testing programme. We have been and will continue to be in the forefront of the calls for opening negotiations for a Nuclear Weapons Convention, so that this challenge can be dealt with in the same manner that we have dealt with the scourge of two other weapons of mass destruction — through the Biological Weapons Convention and Chemical Weapons Convention.

12. Traditionally, India has been an outward looking country Our strong commitment of multilateralism is reflected in our active participation in organisations like the United Nations This engagement will continue The policies of economic liberalisation introduced in recent years have increased our regional and global linkages and my Government intends to deepen and strengthen these ties.

13. Our nuclear policy has been marked by restraint and openness. We have not violated any international agreement either in 1974 or now, in 1998 The restraint exercised for 24 years, after having demonstrated our capability in 1974, is in itself a unique example. Restraint, however, has to arise from strength. It cannot be based upon indecision or doubt. The series of tests recently undertaken by India have led to the removal of doubts. The action involved was balanced in that it was the minimum necessary to maintain what is an irreducible component of our national security calculus.

14. Subsequently, the Government has already announced that India will now observe a voluntary moratorium and refrain from conducting underground nuclear test explosions. We have also indicated willingness to move towards a de-jure formalisation of this declaration.

15. The House is no doubt aware of the different reactions that have emanated from the people of India and from different parts of the world. The overwhelming support of our citizens is our source of strength. It tells us not only that this decision was right but also that our country wants a focussed leadership, which attends to their security needs. This, I pledge to do as a sacred duty We have also been greatly heartened by the outpouring of support from Indians abroad. They have, with one voice, spoken in favour of our action To the people of India, and to Indians abroad, I convey my profound gratitude. We look to the people of India and Indians abroad for support in the difficult period ahead.

16 In this, the fiftieth year of our independence, we stand at a defining moment in our history The rationale for the Government's decision is based on the same policy tenets that have guided us for five decades. These policies have been sustained successfully because of an underlying national consensus. It is vital to maintain the consensus as we approach the next millennium. In my statement today and in the paper placed before the House, I have elaborated on the rationale behind the Government's decision and outlined our approach for the future. The present decision and future action will continue to reflect a commitment to sensibilities and obligations of an ancient civilisation, a sense of responsibility and restraint, but a restraint born of the assurance of action, not of doubts or apprehension. Avoiding triumphalism, let us work together towards our shared objective in ensuring that as we move towards a new millennium, India will take its rightful place in the international community.

AN EXPLANATION FOR CLINTON

Following is the text of a letter sent on Monday, 11 May, to President Bill Clinton from Prime Minister Atal Bihari Vajpayee of India:

Dear Mr President,
You would already be aware of the underground nuclear tests carried out in India. In this letter, I would like to explain the rationale for the tests.

I have been deeply concerned at the deteriorating security environment, specially the nuclear environment, faced by India for some years past. We have an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962.

Although our relations with that country have improved in the last decade or so, an atmosphere of distrust persists mainly due to the unresolved border problem. To add to the distrust that country has materially helped another neighbour of ours to become a covert nuclear weapons state. At the hands of this bitter neighbour we have suffered three aggressions in the last 50 years. And for the last ten years we have been the victim of unremitting terrorism and militancy sponsored by it in several parts of our country, specially Punjab and Jammu & Kashmir. Fortunately, the faith of the people in our democratic system as also their patriotism has enabled India to counter the activities of the terrorists and militants aided and abetted from abroad.

The series of tests are limited in number and pose no danger to any country which has no inimical intentions towards India. We value our friendship and cooperation with your country and you personally. We hope that you will show understanding of our concern for India's security.

I assure you that India will continue to work with your country in a multilateral or bilateral framework to promote the cause of nuclear disarmament Our commitment to participate in non-discriminatory and verifiable global disarmament measures is amply demonstrated by our adherence to the two conventions on Biological and Chemical Weapons.

In particular we are ready to participate in the negotiations to be held in Geneva in the Conference on Disarmament for the conclusion of a fissile material cut-off treaty.

I enclose for your information the text of the press statement issued after the nuclear tests were carried out today I close with the expression of my hightest consideration for your country and yourself.

Yours sincerely

A B Vajpayee

STATEMENT MADE BY THE PRIME MINISTER MUHAMMAD NAWAZ SHARIF 28 MAY, 1998

1. Pakistan today successfully conducted five nuclear tests

2. The results were as expected. There was no release of radio-activity.

3. I congratulate all Pakistani scientists, engineers and technicians for their dedicated team work and expertise in mastering complex and advanced technologies.

4. The entire nation takes justifiable pride in the accomplishments of the Pakistan Atomic Energy Commission, Dr A Q Khan Research Laboratories and all affiliated organizations. They have demonstrated Pakistan's ability to deter aggression.

5. Pakistan has been obliged to exercise the nuclear option due to weaponization of India's nuclear programme.

6. This has led to the collapse of the "existential deterrence" and had radically altered the strategic balance in our region.

7. Immediately after its nuclear tests, India had brazenly raised the demand that "Islamabad should realise the change in the geo-strategic situation in the region" and threatened that "India will deal firmly and strongly with Pakistan."

8. Our security, and peace and stability of the entire region was thus gravely threatened. As a self-respecting nation we had no choice left to us.

9. Our hand was forced by the present Indian leadership's reckless actions

10. After due deliberation and careful review of all options we took the decision to restore the strategic balance. The nation would not have expected anything less from its leadership.

11. For the past three decades Pakistan repeatedly drew attention of the international community to India's incremental steps on the nuclear and ballistic ladder.

12. Our warnings remained unheeded.

13. Despite the continuing deterioration in Pakistan's security environment, we exercised utmost restraint.

14. We pursued in all earnest the goal of non-proliferation in South Asia.

15. Our initiatives to keep South Asia free of nuclear and ballistic weapon systems were spurned.

16. The international response to the Indian nuclear tests did not factor the security situation in our region While asking us to exercise restraint, powerful voices urged acceptance of the Indian weaponization as a fait-accompli.

17. Pakistan's legitimate security concerns were not addressed, even after the threat of use of nuclear weapons and nuclear blackmail.

18. We could not have remained complacent about threats to our security. We could not have ignored the magnitude of the threat.

19. Under no circumstances would the Pakistani nation compromise on matters pertaining to its life and existence.

20. Our decision to exercise the nuclear option has been taken in the interest of national self-defence. These weapons are to deter aggression, whether nuclear or conventional.

21. Pakistan will continue to support the goals of nuclear disarmament and non-proliferation, especially in the Conference on Disarmament, bearing in mind the new realities.

22. We are undertaking a re-evaluation of the applicability and relevance of the global non-proliferation regimes to nuclearized South Asia.

23. We are ready to engage in a constructive dialogue with other countries, especially major powers, on ways and means to promoting these goals, in the new circumstances.

24. Pakistan has always acted with utmost restraint and responsibility. We will continue to do so in the future.

25. We are prepared to resume Pakistan-India dialogue to address all outstanding issues including the core issue of Jammu and Kashmir, as well as peace and security. These should include urgent steps for mutual restraint and equitable measures for nuclear stabilization.

26. Pakistan has already offered a non-aggression pact to India on the basis of a just settlement of the Jammu and Kashmir dispute. I would like to reiterate this offer.

27. We have instituted effective command and control structures We are fully conscious of the need to handle these weapon systems with the highest sense of responsibility.

28. We have not and will not transfer sensitive technologies to other States or entities

29. At the same time, Pakistan will oppose all unjust embargoes aimed at preventing it from exercising its right to develop various technologies for self-defence or peaceful purposes.

30. I would like to again assure all countries that our nuclear weapon systems are meant only for self-defence and there should be no apprehension or concern in this regard.

31. The Pakistani people are united in their resolve to safeguard, at all costs, Pakistan's independence, sovereignty and territorial integrity.

32. I would like to congratulate the nation on the achievements of our scientists and engineers. They have made it possible for the people of Pakistan to enter the next century, with confidence in themselves and faith in their destiny.

JOINT COMMUNIQUE OF THE FIVE PERMANENT MEMBERS OF THE UN SECURITY COUNCIL ON THE INDIA-PAKISTAN NUCLEAR TESTS

Geneva
June 4, 1998

1. Bearing in mind the responsibility of their countries for the maintenance of international peace and security, the Foreign Ministers of China, France, Russia, the United Kingdom and the United States met in Geneva on June 4, 1998 to coordinate their response to the grave situation created by the nuclear tests carried out in May 1998 by India then by Pakistan. The Ministers condemned these tests, expressed their deep concern about the danger to peace and stability in the region, and pledged to cooperate closely in urgent efforts to prevent a nuclear and missile arms race in the Subcontinent, to bolster the non-proliferation regime, and to encourage reconciliation and peaceful resolution of differences between India and Pakistan.

2. The Ministers agreed that quick action is needed to arrest the further escalation of regional tensions stimulated by the recent nuclear tests. India and Pakistan should therefore stop all further such tests. They should refrain from the weaponization or deployment of nuclear weapons, from the testing or deployment of missiles capable of delivering nuclear weapons, and from any further production of fissile material for nuclear weapons. They should also halt provocative statements, refrain from any military movements that could be construed as threatening and increase transparency in their actions. Direct communications between the parties could help to build confidence.

3. To reinforce security and stability in the region and more widely, the Five strongly believe that India and Pakistan should adhere to the Comprehensive Nuclear Test Ban Treaty immediately and unconditionally, thereby facilitating its early entry into force. The Five also call upon India and

Pakistan to participate, in a positive spirit and on the basis of the agreed mandate, in negotiations with other states in the Conference on Disarmament for a Fissile Material Cut-off Convention with a view to reaching early agreement. The Five will seek firm commitments by India and Pakistan not to weaponize or deploy nuclear weapons or missiles. India and Pakistan should also confirm their policies not to export equipment, materials or technology that could contribute to weapons of mass destruction or missiles capable of delivering them, and should undertake appropriate commitments in this regard.

4. The Ministers agreed that the international non-proliferation regime must remain strong and effective despite the recent nuclear tests in South Asia Their goal continues to be adherence by all countries, including India and Pakistan, to the Nuclear Non-Proliferation Treaty (NPT) as it stands, without any modification. This Treaty is the cornerstone of the non-proliferation regime and the essential foundation for the pursuit of nuclear disarmament Notwithstanding, their recent nuclear tests, India and Pakistan do not have the status of nuclear weapons states in accordance with the NPT

5. The Ministers concluded that efforts to resolve disputes between India and Pakistan must be pursued with determination The Ministers affirm their readiness to assist India and Pakistan, in a manner acceptable to both sides, in promoting reconciliation and cooperation. The Ministers pledged that they will actively encourage India and Pakistan to find mutually acceptable solutions, through direct dialogue, that address the root causes of the tension, including Kashmir, and to try to build confidence rather than seek confrontation. In that connection, the Ministers urged both parties to avoid threatening movements, cross-border violations, or other provocative acts.

6. The Ministers also considered what actions the Five could take, individually or collectively, to foster peace and security in South Asia. They will encourage India and Pakistan to adopt practical measures to prevent an arms race. They confirmed their respective policies to prevent the export of equipment, materials or technology that could in any way assist programmes in India or Pakistan for nuclear weapons or ballistic missiles

capable of delivering such weapons. They also undertook to do all they could to facilitate a reduction of tensions between those states, and to provide assistance, at the request of both parties, in the development and implementation of confidence and security-building measures. They remain determined to fulfil their commitments relating to nuclear disarmament under Article VI of the NPT

7 The Ministers viewed their meeting in Geneva as setting in motion a process aimed at strengthening peace and stability in South Asia, at encouraging restraint by India and Pakistan, at promoting the resolution of outstanding differences, and at bolstering the international non-proliferation regime They will remain fully engaged in pursuing these goals, and will work actively to build broad support in the international community for the objectives they agreed today.

STATEMENT OF THE MINISTRY OF FOREIGN AFFAIRS OF THE PEOPLE'S REPUBLIC OF CHINA
14 MAY, 1998

In disregard of the strong opposition of the international community, the Indian government conducted two more nuclear tests on May 13 following May 11 nuclear tests. The Chinese Government is deeply shocked by this and hereby expresses its strong condemnation. This act of India's is nothing but an outrageous contempt for the common will of the international community for the comprehensive ban on nuclear tests and a hard blow on the international effort to prevent nuclear weapon proliferation. It will entail serious consequences to the peace and stability in South Asia and the world at large. The international community should adopt a common position in strongly demanding India to immediately stop the development of nuclear weapons.

The Indian government itself has undermined the international effort in banning nuclear tests in defiance of universal condemnation so as to obtain the hegemony in South Asia and triggered off nuclear arms race in the region. And yet it has maliciously accused China of posing a nuclear threat to India. This is utterly groundless. Ever since China possessed nuclear weapons, it has advocated the complete prohibition and thorough destruction of nuclear weapons and has unilaterally and unconditionally undertaken not to use or threaten to use nuclear weapons against non-nuclear weapon states and nuclear free zones. This gratuitous accusation by India against China is solely for the purpose of finding an excuse for the development of its nuclear weapons. The Chinese Government will continue to closely watch the development of the situation.

US-CHINA JOINT STATEMENT ON SOUTH ASIA 27 JUNE, 1998

INTRODUCTION

Recent nuclear tests by India and Pakistan, and the resulting increase in tension between them, are a source of deep and lasting concern to both of us. Our shared interests in a peaceful and stable South Asia and in a strong global nonproliferation regime have been put at risk by these tests, which we have joined in condemning. We have agreed to continue to work closely together, within the P-5, the Security Council and with others, to prevent an accelerating nuclear and missile arms race in South Asia, strengthen international nonproliferation efforts, and promote reconciliation and the peaceful resolution of differences between India and Pakistan

PREVENTING A NUCLEAR AND MISSILE RACE IN SOUTH AISA

The P-5 Joint Communique of June 4, which was endorsed by UN Security Council Resolution 1172, sets out clear and comprehensive objectives and a plan for action to address the threat of South Asian nuclear and missile arms race. We pledge our full support for the steps outlined in the Joint Communique, and again call on India and Pakistan to stop all further nuclear tests and adhere immediately and unconditionally to the Comprehensive Nuclear Test Ban Treaty (CTBT), to refrain from weaponization or deployment of nuclear weapons and from the testing or deployment of missiles capable of delivering nuclear weapons, and to enter into firm commitments not to weaponize or deploy nuclear weapons or missiles capable of delivering them.

STRENGTHENING GLOBAL NONPROLIFERATION COOPERATION

The United States and China remain firmly committed to strong and effective international cooperation on nuclear nonproliferation, with the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as its cornerstone. We will

continue to bolster global nuclear nonproliferation efforts, and reiterate that our goal is adherence of all countries, including India and Pakistan, to the NPT as it stands, without any modification. States that do not adhere to the Treaty cannot expect to be accorded the same benefits and international standing as are accorded to NPT parties. Notwithstanding their recent nuclear tests, India and Pakistan do not have the status of nuclear weapons states in accordance with the NPT.

We reaffirm our determination to fulfill our commitments relating to nuclear disarmament under Article VI of the NPT. To this end, both countries have signed the Comprehensive Test Ban Treaty and do not intend to resume nuclear testing.

We call for the prompt initiation and conclusion of negotiations in the Conference on Disarmament, on the basis of the 1995 agreed mandate, for a multilateral treaty banning the production of fissile material for nuclear weapons or other nuclear explosive devices. We urge India and Pakistan to participate, in a positive spirit, in such negotiations with other states in the Conference on Disarmament with a view to reaching early agreement.

We both actively support the Strengthened Safeguards System now being implemented by the IAEA, and will promptly take steps to implement it in our countries.

REDUCING TENSIONS AND ENCOURAGING THE PEACEFUL RESOLUTION OF DIFFERENCES BETWEEN INDIA AND PAKISTAN

We are committed to assist where possible India and Pakistan to resolve peacefully the difficult and long-standing differences between them, including the issue of Kashmir. We welcome the resumption of dialogue between the two countries and encourage them to continue such dialogue, and we stand ready to assist in the implementation of confidence-building measures between them and encourage the consideration of additional measures of this type.

RESPONSIBILITIES OF THE UNITED STATES AND CHINA

The United States and China have long sought friendly relations with both India and Pakistan. We reaffirm this goal and our hope that we can jointly and individually contribute to the achievement of a peaceful, prosperous, and secure South Asia. As P-5 members, and as states with important relationships with the countries of the region, we recognize our responsibility to contribute actively

to the maintenance of peace, stability and security in the region, and to do all we can to address the root causes of tension.

We reaffirm that our respective policies are to prevent the export of equipment, materials or technology that could in any way assist programs in India or Pakistan for nuclear weapons or for ballistic missiles capable of delivering such weapons, and that to this end, we will strengthen our national export control systems.

NEXT STEPS

Close coordination between the United States and China is essential to building strong international support behind the goals to which we are committed in response to nuclear testing by India and Pakistan We will stay closely in touch on this issue, and will work with other members of the P-5 and the Security Council, with other Asian and Pacific countries, and with the broader international community to forestall further instability in South Asia, achieve a peaceful and mutually acceptable resolution of differences between India and Pakistan, and strengthen the global nonproliferation regime.

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LETTER FROM THE EXECUTIVE EDITOR

International controversy surrounds human rights. Nations cannot agree completely on what it stands for. While all accept the Universal Declaration Of Human Rights, proclaimed fifty years ago on December 9 in Paris, many think that it needs to be augmented through the incorporation of non-western values, hitherto ignored by the founding fathers

We therefore thought it appropriate to devote a part of this issue to pay tribute to the Universal Declaration, and to remind ourselves that differences do exist among nations regarding the normative goals that should guide us on human rights.

The other contributions in the issue are diverse While selecting the articles we took a conical approach At the macro level, we look at the configuration of international forces after the cold war. What, we ask ourselves, is going to be the shape of things to come, and what is going to be the architecture of the new international system? Different scenarios have been evoked to analyse the emerging system

With its opulence in energy resources, Central Asia has become a source of considerable attraction. Indeed, it is being increasingly projected onto the international scene. Nations are vying with each other about who should extract the region's resources, and how they should be transported to reach the market Undoubdtedly this is a nettlesome problem that has yet to be resolved.

While in some previous issues, the journal looked at the major powers competing with each other for control, in this issue we concentrate on Pakistan – a contiguous neighbour which has shown considerable interest in Central Asia. The article pertaining to the emigration of professionally talented, young Asians to greener pastures focuses, not on how this phenomena makes the home countries poorer, but on how it enriches the adopted country, and what its long

term ramifications could be on the political and ethnical landscape of the developed world.

The focus of the review essay is Europe, not so much on its process of integration as on the status of literature that is emerging on the subject. Now that the European Union is all set to make the monetary leap, we have attempted to investigate how scholars perceive integration, and what are the issues uppermost in their minds.

Geneva
December, 1998

Harish Kapur

WORLD AFFAIRS

The Journal of International Issues

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The Journal of International Issues

HUMAN RIGHTS TODAY: FIFTY YEARS AFTER THE UNIVERSAL DECLARATION

The broad agenda set by the Universal Declaration of Human Rights 50 years ago is still relevant vis-à-vis the complexities of the comtemporary world, argues Mary Robinson, UN High Commissioner for Human Rights.

***World Affairs (WA)**: What, in your view, is the state of human rights today? Would you agree with President Clinton's optimistic statement to the United Nations General Assembly (1998) that human rights "are more widely embraced than ever before"?*

***Mary Robinson (MR)**:* I believe there is more awareness of human rights today than ever before and consequently more people are demanding that their dignity be respected. Since the adoption of the Universal Declaration of Human Rights in 1948, there have been notable achievements. An impressive body of international law has been enacted, including the two Covenants (on economic, social and cultural rights and on civil and political rights) and the Conventions on racism, torture, the rights of the child and the elimination of discrimination against women. Human rights mechanisms such as Special Rapporteurs, experts and working groups have been established. The United Nations Human Rights Commission, meeting annually in Geneva, has focused world attention on cases of torture, racism,

disappearances, arbitrary detention, the right to development, summary executions, violence against women, and has generated international pressure on governments to improve their respect for human rights. With Sweden's strong support, the protection and promotion of the rights of children has, in recent years, been an increasing priority on the agenda of the Organisation.

WA *Despite President Clinton's optimistic statement, are there not major transgressions of human rights that need to be closely watched by your office?*

Many human rights defenders live a life of terrible fear. This was brought home to me in a very personal way during the last session of the Commission on Human Rights.

MR As we mark the 50th Anniversary of the Universal Declaration of Human Rights and engage in a stock taking review after five years of the Vienna Declaration and Programme of Action, it is deeply disturbing to recall that every day, hundreds of millions of people experience some serious violation of their human rights. Many human rights defenders live a life of terrible fear. This was brought home to me in a very personal way during the last session of the Commission on Human Rights. A number of the representatives of small NGOs working in difficult circumstances pleaded with me to ensure their protection when they went back to their own country. Violations range from torture and arbitrary detention to hunger and homelessness, from violence against and trafficking in women and children to child labour, from illiteracy to deaths from lack of access to safe water. The rhetoric becomes ever more hollow. Our world needs effective, structured action to implement the international commitments made.

There are today more wars – albeit conflicts frequently within the boundaries of sovereign states and consequently characterised as "internal conflicts", and more refugees – most of whom are technically "displaced persons" within their own country. There are more states – and greater disparity between their resources; there is more poverty – but less agreement about the role of the state in addressing it, in short, more challenges to peace and the realisation of human rights.

One important and increasing asset in addressing these challenges is the robust and continued international debate – including vigorous criticism –

from civil society concerning human rights abuses by both states and corporat entities. The need for the United Nations to link more effectively with civil society – and to combine resources, so that criticism can be supplemented by constructive engagement at all levels – was highlighted last year by the Secretary General, Kofi Annan when he presented his report, "Renewing the United Nations; a Programme for Reform"

***WA**: Many developing countries seem to consider that the Western World tends to focus more on individual rights than on other rights that are equally important. What are your views on this point that is becoming increasingly controversial? Are there other challenges in the human rights sector than just individualism that also need to be considered?*

MR: The issues currently confronting our world poses a tremendous challenge. If we are serious about the right to life we must be equally serious about the right to food, health care, education and shelter. We must acknowledge the importance of a vigorous international debate while understanding that the reality of implementation and access for the vast majority of humanity lies at the national level. It is at that level, therefore, that "capacity building" is most important. We must understand the implications of the recent United Nations report indicating that even in the world's wealthiest countries 100 million of our fellow human beings live in poverty. In this climate there can be no "us and them", no preaching and no abdication of responsibility.

***WA**. A number of developing countries seem to consider that the Universal Declaration of Human Rights, proclaimed 50 years ago, and the 1966 International Covenants on Economic, Social and Cultural rights and on Civil and Political Rights need be re-examined and developed further now that the international system has become more politically independent than ever before. Do you think that there is any need for a global interaction to incorporate the non-western perspectives on human rights in international documents? Should there not be more international debate on the whole issue? And should there not be what Mahatma Gandhi said, "All rights to be deserved and preserved come from a duty well done"?*

MR: Today's world is more complex than it was 50 years ago. There are now many more participating states than there were in 1948 and more strident and concerned voices from civil society. The agenda set by the

Declaration is surprisingly apt for these new complexities – whether they are linked to the rights of indigenous peoples, or the right to development, or discrimination on grounds of gender, or on the basis of sexual orientation – but who could have imagined in 1948 that we would use the fiftieth anniversary of the Declaration as an opportunity to reposition these fresh concerns and others in our order of priorities?

> **It is in this context that the search for global, ethical standards, and the work of a number of groups focusing on human responsibilities brings fresh insights into the interpretation of the Preamble and Articles of the Universal Declaration of Human Rights as a living document.**

It is in this context that the search for global, ethical standards and the work of a number of groups focusing on human responsibilities brings fresh insights into the interpretation of the Preamble and Articles of the Universal Declaration of Human Rights as a living document. It is right that we should focus more on duties and obligations but I believe, it would be best to avoid the distraction of seeking a new declaration. Instead we need to recognise and recommit ourselves to the extent to which these values are implicit in creating through the Universal Declaration "a common standard of achievement for all people and all nations" which can be reinforced by greater emphasis on them as valued for individuals and communities in all our civil societies.

It is thanks to the Universal Declaration that human rights have established themselves everywhere as a legitimate political and moral concern, that the world community has pledged itself to promote and protect human rights, that the ordinary citizen has been given a vocabulary of complaint and aspiration, and that a corpus of enforceable human rights law is developing in different regions of the world through effective regional mechanisms.

I would venture to suggest that it has become an elevating force on the events of our world because it can be seen to embody the legal, moral and philosophical beliefs held true by all peoples and because it applies to all. It is precisely this notion of "universality" – in the widest sense – that gives it its force. Its universal vocation to protect the dignity of every human being has captured the imagination of humanity.

I, nonetheless, welcome the lively debate in some parts of the world on the continuing relevance of the Universal Declaration, as it has drawn me to consider some of the practical wisdom and insight into the human condition found in the writings and sayings of the great thinkers and religious leaders of this region.

For that reason, for example, I was very interested in the resolution adopted as the contribution of the Organisation of the Islamic Conference to the 50th Anniversary of the Universal Declaration, in particular the pass reiterating the necessity of taking advantage of the Anniversary to "highlight the lofty human values brought in by Islam, long before any positive covenants".

It is with the objective of enriching the universality of human rights that I took up a suggestion by Dr Kamal Kharrazi, the minister of Foreign Affairs of the Islamic Republic of Iran at the last session of the Commission on Human Rights to organise an expert seminar on Islamic perspectives on the Universal Declaration (9-10 November, 1998). The seminar was useful in highlighting that cultural and religious differences can indeed be a sour of unity in as far as human dignity is paramount

WA. *China has often been one of the main targets of attack by the Western for its poor performance in human rights. Has your recent visit to China led you take a more optimistic view regarding developments in this sector?*

MR The aim of my visit to China was to start a process of cooperation improve the human rights situation in the world's most populous country. I stress cooperation because it is too easy to stand in the sidelines criticise. Criticism is sometimes necessary, but it is insufficient by itself. China is undergoing a transition, and the Office of the High Commissioner could add the value of its expertise with respect to supporting a growing human rights awareness and the country's capacity to promote and protect fundamental freedoms.

WA: *Do you think that China's political and philosophical perspective on human rights can dovetail with what is stipulated in the Universal Declaration of Human Rights and the two Covenants? And what is the purpose of the Memorandum of Intent that you concluded with the Chinese Government during your visit to China*

MR: China has now signed the two Covenants, and one of the aims of the Memorandum of Intent signed with the Government during my visit was to assist in moving towards ratification, with all that it entails in changes to domestic law

There could also be technical cooperation in the field of human rights education. During the visit I discussed with the authorities my coordinating role within this Decade for Human Rights Education. My commitment and that of the United Nations to human rights education comes from an understanding of the importance of citizens knowing and being able to exercise rights.

WA In a press conference in Beijing, you declared that the Memorandum of Intent "formally envisaged seeking support for its programme from the office of the United Nations High Commissioner for Human Rights" What is this programme and what sort of cooperation will your office be involved in with Beijing?

MR My Office and the Chinese Government are now working to conclude the term of reference for a "needs assessment" mission to clearly define the terms of future technical cooperation The mission would go to China within the next few months and involve areas such as human rights education, capacity building and the strengthening of the judiciary and the rule of law.

WA Your office is also involved in assisting other countries to improve their broad framework of human rights Could you give us some examples?

MR During this year in which I have had the honour to occupy this position I have become increasingly convinced of the necessity to focus on preventive strategies. This has convinced me of the importance of creating strong, independent national human rights institutions to provide accessible remedies, particularly for those who are most vulnerable and disadvantaged. Frequently these institutions are "human rights commissions", but in many countries they are related to or identified as a human rights "ombudsman" or "ombudsperson".

Independent national human rights commission can, by virtue of their accessibility, transform the rhetoric of international instruments into practical reality and provide redress for millions of people. They can also contribute to and complement government reports to international treaty bodies,

reflecting more fully the reality of human rights. My Office has already moved on to consolidate this approach, for example, by signing with Indonesia a more detailed memorandum that will involve a human rights resource person in Jakarta having full access to East Timor and helping Indonesia to cope with the problems of implementing a human rights plan of action adopted this summer. In our discussions in October with South Korea and Thailand concerning the independent human rights commissions they have agreed to establish, reference was made to this framework. More recently it was cited in the Memorandum of Intent I signed with China.

My Office is also working to support and strengthen national human rights institutions in an increasing number of countries in Africa, Central and Eastern Europe and Latin America. Very often we join with regional organisations or other partners in this work.

***WA**. How does your Office monitor and ensure the protection and promotion of the rights of women and children within the overall framework of human rights?*

MR: Children are one of the highest priorities of my mandate. My Office attaches great importance to the need, recognised by the 1993 World Conference on Human Rights, for increased cooperation among United Nations bodies active in the field of human rights, and for a regular review and monitoring of the situation of children in accordance with their respective mandates. While there is room for improvement in the area of interaction between the treaty bodies on one hand and thematic and country procedures of the Commission on Human Rights on the other, there is a noticeable trend to better integrate and highlight child rights. The Office of the High Commissioner (OHCHR) supports the work of the Committee on the Rights of the Child, including providing the personnel of its secretariat. The Committee's interaction with a number of partners, including the United Nations Children's Fund (UNICEF) and the Non-Governmental Organisation (NGO) Group for the Rights of the Child, had become a model for other mechanisms.

I've decided to use my mandate to raise international awareness on a number of issues, including trafficking in women and children, in particular in Central and Eastern Europe as well as in South East Asia. A working group has been established within my Office in order to reflect on the issue

of trafficking and make proposals for implementing this initiative. The OHCHR is considering the modalities of the establishment of a task force aimed at reinforcing cooperation among UN agencies and at raising awareness on trafficking in women and children at the highest political level. The OHCHR is also implementing a special project, in cooperation with the UN's Division for the Advancement of Women, designed to integrate a gender perspective into all aspects of the OHCHR's Technical Cooperation Programme.

Furthermore, the OHCHR provides substantive support to the work of the Special Rapporteur on the sale of children, child prostitution and child pornography and to the Special Rapporteur on violence against women.

I've decided to use my mandate to raise international awareness on a number of issues, including trafficking in women and children, in particular in Central and Eastern Europe as well as in South East Asia.

WA Does your Office also have a mandate to protect and promote the rights of indigenous minorities?

MR The OHCHR is also very active in the protection of the rights of indigenous people. In fact, I, as High Commissioner, am the coordinator of the current International Decade of the World's Indigenous People (1995-2004). One of the main objectives of the Decade, proclaimed by the General Assembly in 1993, is to strengthen international cooperation for the solution of problems faced by indigenous people in such areas as human rights, the environment, development, education and health.

The OHCHR supports the work of the three thematic working groups on indigenous issues set up by the Commission on Human Rights and its Sub-commission. These panels are dealing with such issues as a draft declaration on the rights of indigenous issues and the establishment of a permanent forum for indigenous peoples within the United Nations.

The launching of the OHCHR's Indigenous Fellowship Programme in 1997 was a major institutional development, helping indigenous people gain experience of the United Nations system so that they can better defend their rights. The programme is an important component of the Decade.

***WA**: Has your Office established modalities of intervening in situations where human rights have been seriously compromised? Does it get involved in such situations? If so, can you give us some examples?*

MR: The involvement of the OHCHR in field work has significantly increased in the past few years, with the number of OHCHR field presences growing from 1 in 1992 to 22 in 1998. The environment in which OHCHR has been required to operate has varied from post-conflict settings to on-going armed conflicts, from violent internal tensions to peaceful democratic transitions, requiring corresponding adjustments in the mandates and *modus operandi* of the field presences themselves. This involves in some cases working under a mandate established by the Security Council, as in Sierra Leone or Angola. In the former, which is still reeling under the effects of a brutal internal conflict, the human rights unit, among other duties, monitors the situation of human rights, both directly and by development and support for monitoring networks of local and international NGOs and other aspects of civil society. The unit has carried out close observation and undertaken intervention regarding the post-junta treason trials and courts-martial. It has also been active in the development of projects to contribute to the process of healing of society following the period of junta rule.

Perspectives On Human Rights

Abdulrahim P Vijapur, head, Centre for Federal Studies, Hamdard University (New Delhi), Zhu Muzhi, president of the China Society for Human Rights Studies (Beijing), Friemut Duve, head of the Freedom of Media Section of the Organisation of European Security and Cooperation (Vienna), and Bill Jordan, general secretary of the International Confederation of Free Trade Unions (Brussels), present different and opposing views on human rights

DIVERSITY OF CONCEPTS OF HUMAN RIGHTS

ABDULRAHIM P VIJAPUR

The modern concept of human rights is the product of post seventee[illegible] century western liberal political thought Its origin can be traced such pronounced Western landmarks as the English Petition of Rig (1627), the Habeas Corpus Act (1679), the American Declaration Independence (1776), the American Bill of Rights (1791), and the Fre Declaration of Rights of Man and Citizen (1789), all of whi constitutionalised and institutionalised a Western standard of human rig and liberties. This modern Western notion has been epitomized in th United Nations system of protection of human rights Under the aegis of t United Nations a comprehensive list of human rights instruments has be formulated which deals with such issues as refugees, women, childre prevention of torture, religious and racial discrimination, genocide, slaver minorities, etc. Of these the UDHR (Universal Declaration of Human Righ 1948) and the two Covenants (1966) — the International Covenant Economic, Social and Cultural Rights and the International Covenant o Civil and Political Rights — are the most significant as they together constitut

what is known as the first International Bill of Rights. The catalogue of human rights enshrined in the International Bill proclaims that it is *universally* applicable to all peoples and nations irrespective of their divergent social, cultural, political, economic and ideological traditions. The UDHR and the preambles to the two 1966 Covenants state that these rights represent 'a common standard of achievements for all peoples and all nations'. Though the conception of human rights provided in it is predominantly based on Western socio political philosophy and liberal traditions and is the product of the experiences of the peoples of England, France and the United States from the 17th to the 20th centuries, the majority of Western scholars and nations consider that it is *valid* for all nations and peoples. One leading protagonist, Paul Sieghart, opines that human rights are universal in the sense that they transcend national boundaries or ideologies. They are deliberately designed to be culturally and ideologically neutral: they are not specifically liberal or socialist, Eastern or Western, Northern or Southern, developed or developing, Christian, Buddhist, Islamic or Hindu. (Paul Sieghart, *The Lawful Rights of Mankind: An introduction to the International legal code of Human Rights*, Oxford, OUP, 1985, p 40)

Cultural specificity has to be taken into cognizance while formulating and implementing human rights standards and norms. There cannot be uniform human rights standards or a single interpretation of a meaning of a right.

Notwithstanding the internationalization of human rights by the United Nations, many scholars and nations, specially from the Third World, contest the claim of *universality* of human rights. Human rights are not a Western discovery as human rights values and traditions have been part of their cultures/civilizations and politico-legal systems for centuries — much before the West evolved them during the last three centuries. This article argues that what should be *universal* is the idea or the concern for human rights in general and not a particular model of human rights. Human Rights are the product of historical, cultural and socio-political experiences of a given society. Different societies have formulated their conception of human rights to suit their particular socio-cultural and political settings. Hence, cultural specificity has to be taken into cognizance while formulating and

implementing human rights standards and norms. There cannot be uniform human rights standards or a single interpretation of a meaning of a right There can be different meanings attributed to a right even within a single tradition. This is a challenge posed by those who believe in cultural relativism as against universalism. Besides being culturally specific, the concept of rights, it is contended, also includes dynamism that lends its meaning and interpretations to constant evolution and change

HUMAN RIGHTS IN NON-WESTERN TRADITIONS

Let us look at the evolution of human rights in the non-Western traditions like the Chinese, Indian, African and Islamic The non Western perspectives provide a vantage point to critically look at the Western notion of human rights Certain common departures can be highlighted here The Western model hinges upon "individual" as the central point of reference in its human rights discourse, whereas "group" as an entity for the realization of both "individual" and "collective rights" Human beings have multiple and group identities as members of a family, tribe, community or society Secondly, the Western doctrine lays increasing emphasis on "individualism and the rights of the individual as against duties, which are considered important in non-Western traditions. One might ask a question how can the State agree to assume obligations towards persons who, for their part accept no obligation, no duty, in regard to the community and the State It must be acknowledged that rights cannot be abstracted from duties the two are correlated. In other words, human rights are not rights only there are also duties and both are interdependent. In fact, every human right has a corresponding duty with regard to the rights of others Moreover emphasis on unbridled individualism has led to most present day problems. Instead of talking of the rights of an individual (which is abstract) we should talk of the rights of persons, as the individual is an isolated knot whereas a person is the entire fabric around the knot A person lives in the family, society group and community His/her rights and duties vary at different stages of their lives. Any serious discourse on human rights/duties should keep in mind these cross-cultural perspectives. It is worth recalling here Mahatma Gandhi's opinion (sought by Julian Huxley, the then Director General of UNESCO) on the UDHR. The Mahatma had said that "all rights to be

deserved and preserved came from duty well done". In his view, if each one of us did our duty, our rights would automatically be taken care of. Lastly, while *universality* of human rights was advocated in UN fora by the Western countries, some of these countries did not extend human rights to the people in their colonies for generations.

An understanding of non-Western perspectives helps us to appreciate the limitations in the prevailing international human rights protection system and the difficulties experienced by the non-Western states in implementing human rights norms. Despite the evident cultural and regional diversities in the world we need to have a "common minimum standard of human rights" agreeable to all. Therefore, knowledge of non-Western perspectives may help in enriching the content and concern of international human rights by incorporating these hitherto neglected aspects.

THE CHINESE TRADITION

The idea of human rights developed very early in Chinese history, though there is no equivalent term in Chinese for "rights". The right of the people to revolt against oppressive rulers was established in Chinese political thought in the second millennia BC. "Revolution" did not have a pejorative connotation. It was often used to indicate a justifiable claim by the people to overthrow unjust rulers, the will of the people was even considered to be the will of heaven. *The Book of History*, an old Chinese classic, equates the will of people to the will of heaven. A ruler, according to this classic, has a duty towards heaven to take care of the interests of his people. In loving his people, the ruler follows the will of heaven. It further states, 'Heaven loves the People, and the Sovereign must obey Heaven.' When the ruler no longer rules for the welfare of the people, it is the right of the people, to revolt against him. There is evidence to suggest that rulers Chieh (1818-1766 BC) of the Hsia Dynasty, and Tsou (1154-1122 BC) of the Shang Dynasty, turned tyrant and were overthrown by the people. The statement by a great Confucianist, Mencius (372-289 BC) is very instructive. He strongly maintained that a government should work for the will of the people. He said, 'People are of primary importance. The state is of less importance. The Sovereign is of least importance.'

The basic ethical concept of Chinese social and political relation is th fulfilment of duty to one's neighbour, rather than the claiming of rights The idea of mutual obligations is regarded as the fundamental teaching Confucianism. The five basic social relations described by Confucius and his followers are the relations between (1) ruler and subjects, (2) parents an children, (3) husband and wife, elder and younger brother and friend and friend. And in all pairings, except perhaps the last nature of the relationship hierarchical rather than egalitarian suggesting unequal duties rather than equal rights. The family, not the individual is the fundamental social unit in Chinese thought. The family is hierarchically organised. The state too is modelled like a family and is not allowed to interfere unduly in those social interactions which are reserved for the family. It is the d of the individual in the community to live according to the rites of his so status.

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Unlike Western people the Chinese do not adopt legalism as a mode settling their disputes or seeking enforcement of rights. In ancient C jurists were not trusted. Popular maxims noted that "a case won is not lost", or "of ten reasons by which a magistrate decides a case, nine are known to the public".

These traditions could be the main reasons for China's unwillingness ratify the vast majority of UN Covenants on human rights

THE INDIAN TRADITION (HINDU AND BUDDHIST)

India's heritage with regard to human rights concern and education pre dates Western history, philosophy and law. Its national values of tolerance non-violence, friendship for all, equality, respect for the human person human dignity and rights, confirms this. These values are a legacy of Buddhism. Buddha's message of non-violence, non-hatred and friendliness

to all were transformed into reality by Emperor Ashoka. As a devout follower of Buddha, Ashoka became a great champion of freedom and tolerance. He pleaded for universal tolerance One of the most significant contributions of Buddhism was the introduction and spread of secular education — education for all. Organised universities came to be established under the direct influence of Buddhism. In Hinduism, the Law Books gave the right to education only to the three upper castes. In practice it was only the Brahmins and the aristocracy who received formal education. Caste discrimination kept the untouchables (*shudras*), and the lower castes, away. Here the Buddhist tradition was in striking contrast Not only were Buddhist monasteries open to persons of any caste, but even the syllabi had a wider range and included disciplines of more practical interest

Buddhism began as one of a number of heterodox sects whose common feature was their breaking away from brahminical orthodoxy The Buddhists and the Jains found their earliest supporters in the republican tribes of northern India Absence of both monarchical authoritarianism and close association with the idea of divinity in the political sphere led to a stress on the rights of the individual in society In Buddhist theory the emphasis is on the quasi contractual nature of the beginnings of government and on the sovereignty of the people The latter idea remained central to Buddhist political thinking but it was never taken further and developed into a theory of the rights of the people as Buddhism began gradually to decline in India. Nonetheless, the republican background nurtured an individualistic tradition in Buddhism with strong support for the kind of social and moral attitudes inherent in human rights Moreover, the Buddhist tradition showed greater equality to women in encouraging them to become nuns (See Romila Thapar, "The Problem of Human Rights in the Hindu and Buddhist Traditions", *International Social Science Journal*, Paris, No 1, 1966, pp 34 - 44).

Contrary to Buddhist traditions, the Hindu religious and law books hardly had any concept of rights, as its *varnadharma* (i.e., the caste system) had established unequal privileges or rights The *Dharma* prescribed duties of the four social orders, namely, duties of citizenship, the duties peculiar to one's caste, the eternal family duties, and the duties of those persons who follow the scriptures other than the *Vedas* It also laid down household duties, the duties of wives, the duties of kings, and the duties of men and women

The idea of rights is not directly visible in Hindu culture. However th[illegible] holy books and political treatises provided many general and mor[illegible] exhortations concerning rights and duties. One of the chapters in the G[illegible] is dedicated to *Karmayoga*, i.e., the Yoga of Works, which "expounds th[illegible] necessity for the performance of work (duty: that which ought to be don[illegible] without any selfish attachment [illegible] results, with a view to securin[illegible] the welfare of the world." It int[illegible] individual and social relations [illegible] expressed in terms of [illegible] comprehensive web of duti[illegible] rights cease to be privileges to [illegible] specifically claimed, but [illegible] condition that would prom[illegible] human, and hence social, welfa[illegible] Therefore, Kautilya prescribed [illegible] powers, but "duties of a k[illegible] One of the duties prescribed [illegible] the king was 'When in court [illegible] shall never cause his petitioner [illegible] wait at the door.' Other g[illegible] rules stipulated 'In the happi[illegible] of his subjects lies his happin[illegible] in their welfare, his welfa[illegible] whatever pleases himself he shall not consider as good, but whatever ple[illegible] his subjects he shall consider as good.' And, 'Harmlessness, truthfulness, purity, freedom from spite, abstinence from cruelty, and forgiveness [illegible] duties common to all.'

By enacting a "bill of rights" in the Indian Constitution and many other secular laws to abolish discriminatory treatment of untouchables and Hindu women (whose rights were extremely limited compared to their male counterparts), the Indian political system is striving to replace the traditional, unjust and stratified social order (which granted privileges and rights to only higher castes) with an egalitarian and socialist system.

The onset of Muslim rule in India during the medieval period led t[illegible] greater degree of socio-cultural interaction between the Hindu majority [illegible] the ruling Muslim minority. The freedom of religion or belief of Hin[illegible] was ensured. The general policy and attitude of Muslim polity was one [illegible] accommodation and religious tolerance. Regarding the religious policy [illegible] the Mughals, Professor S R Sharma, a noted historian, commented that th[illegible] position of Hindus in India was generally much better than that of m[illegible] communities in Europe whose faith differed from that of their rulers durin[illegible]

medieval times. Also, there was no discrimination against Hindus for appointment to important imperial posts. The great Sufi prince, Dara Shikoh, translated the *Upanishads* and declared them to be "the heavenly book" referred to in the *Quran*. In fact, only the Torah and Bible are explicitly mentioned in the *Quran* though it indicates that prophets and holy books are revered in every community and nation in the world.

By enacting a "bill of rights" in the Indian Constitution and many other secular laws to abolish discriminatory treatment of untouchables and Hindu women (whose rights were extremely limited compared to their male counterparts), the Indian political system is striving to replace the traditional, unjust and stratified social order (which granted privileges and rights to only higher castes) with an egalitarian and socialist system. Independent India has been *vigorously following a system of preferential treatment*, commonly known as protective or positive discrimination, towards the people belonging to historically disadvantaged groups such as untouchables, tribals and other backward classes. This policy is unprecedented in scope and extent and has no parallels in any part of the world. Under this policy 49.5 per cent of jobs and seats in educational institutions are reserved for these groups besides reserving 22.5 per cent of membership in Parliament for them. Currently the Indian Government is working towards evolving a political consensus on the proposed legislation to introduce 30 per cent reservation of seats for women in Parliament. Thus, the concepts of social justice and empowerment of women are at the centre-stage of contemporary socio-political life.

AFRICAN CONCEPTION OF RIGHTS

There are thousands of ethnic tribal groups in Africa, each following their traditional customary laws for centuries. However, there are certain general features of the African social order. Groups, tribes or "peoples" are the primary unit of society in this part of the world. In African tradition "rights" do not inhere in one's humanity, rather they are *contingent* upon one's fulfilment of one's obligations to the group and the subsequent *granting* of rights by the community. Rights are dependent on one's status. Traditionally, marriages are regarded as a means of uniting two families rather than two individuals. Obligations themselves are not so sharply distinguished between legal and moral as in the West. Justice consists not in

enforcing rights but in bringing about harmonious settlement between th disputants so that group cohesion is assured. Peace is achieved throug reconciliation

The advent of colonialism, and the beginning of the process o modernisation in many African societies along Western models upon the emergence as independent states has not enabled the majority to give up their traditional way of living. Even now, around 80 per cent of the Afric population is unaware of the reform laws and institutions of the cities Ancient custom is still followed.

Most African cultures firmly believe in the mechanism of "distributi justice". This ideal is reflected in the policies of some African states lik Tanzania during Julius Nyerere's period Two examples drawn from tradition African societies are worth recalling here. Among the Anuak who live o the border of Sudan and Ethiopia, the chief is elected by his community on the basis of his wealth and leadership qualities. Once elected, the chief is expected to feed his subjects so often that his resources are soon depleted and he is impoverished. He then returns to his original status of a common citizen and another wealthy person is put in his place In many cultures among them the Gojam-Amhara of Ethiopia, land is owned communal and there is no "right" to individual ownership of holdings This conception of social ownership predates by centuries any Marxist or communist doctrines

These African traditions and values have influenced to a large extent the nature, content and catalogue of rights in the African Charter of Human and People's Rights (1981), which has been in force since 1986 The Afric Charter differs from European and American regional Conventions on Hum Rights in a number of respects. First, it proclaims not only rights but duties. It lists eight specific duties, which include the duty towards the family and society, the state, other legally recognized communities, and the international community. Duty to preserve and strengthen social and national solidarity, positive African cultural values and African unity is also included. Second, it codifies individual as well as people's rights such as the right to self-determination; right to dispose of wealth and natural resources the right to economic, social and cultural development; and the right to national and international peace and environment. Third, in addition to guaranteeing civil and political rights, it protects economic, social and cultural rights. Thus, the African Charter includes all the three generations of rights

the "first generation" rights (i.e., civil and political), "second generation" rights (ie, economic, social and cultural) and "third generation" rights (i.e. people's or collective rights) Moreover, there is no provision in the Charter for the creation of African Court of Human Rights as African values prefer conciliatory means rather than arbitration mechanisms to resolve disputes.

ISLAMIC TRADITION

The Islamic framework contains numerous moral exhortations. Helping orphans, widows, wayfarers and the poor has been greatly stressed by the *Quran* and *Sunna* (Prophetic traditions) which not only helps people overcome their economic problems but also inculcates a kind of fellow feeling among them Its many injunctions have gone a long way in ameliorating human suffering.

In England, theft of property worth more than a shilling was classified as felony and, like every other felony, was punished with death, up to as late as 1861. In comparison to English law, the Muslim law prescribing cutting the hands of thieves appears less barbaric.

It must be noted that Islam provides the most rational basis to ensure the primacy of the fundamental right to life, and to guarantee its protection. It prohibits female infanticide, a practice prevalent in Arabia and other parts of the world By not strictly prescribing the death penalty for the crime of murder, an assassin can be pardoned by the victim's family on receiving blood money (a kind of compensation). Islam introduced the principle of humane treatment of the individual 1400 years ago. This is a marked departure from the then prevailing Roman law which prescribed "an eye for an eye". It may be recalled that only in this century have European nations enacted laws abolishing the death penalty without any compensation to the family of the victim by the guilty. It may also be instructive to note that for many centuries in British law, capital punishment was applicable to a variety of crimes, including, horse, sheep and cattle stealing, rape, house breaking, stealing of letters by the staff of the Post Office, etc. In England, theft of property worth more than a shilling was classified as felony and, like every other felony, was punished with death,

up to as late as 1861. In comparison to English law, the Muslim law prescribing cutting the hands of thieves appears less barbaric. Moreover with the coming up of jails in modern times and the reinterpretation of penal law most Muslim states have discontinued the practice of cutting off the hands.

Another Islamic ethical norm prohibits the wasteful use of resources. Prophet Mohammad said that one must not waste water even if one is sitting by a stream, and that one must take from the stream only as much water as needed. The Islamic laws of war prohibit Muslim armies from cutting down fruit bearing trees in their path — which in fact amounts to a general rule that the beneficial resources of nature must be preserved. In a time of war, the Muslim army is required to preserve natural vegetation, crops and livestock. This prohibition may be seen as an Islamic approach to environmental issues. Furthermore, these laws introduced many exemplary principles for ensuring that non-combatants like women, slaves, the old and sick, are spared as a target in armed conflicts. Moreover, it also introduced the principles of dignity and integrity of persons towards the enemy. There are many sayings by the Prophet forbidding the burning alive of enemy warriors. The Prophet once said 'No one is entitled to punish with fire except the one who created it, i.e., Allah.' He also prohibited the practice of giving back enemy corpses in exchange for money. Burial of the bodies of enemies was also ordered. Prisoners of war (POW) were released either in exchange for Muslim POWs or in exchange for ransom to be paid by the POW, or simply on his agreement that, if he is literate, he will teach some prescribed Muslims. These are some Muslim humanitarian laws.

With regard to gender equality Islamic precepts are worth commending. Marriage is made as a contract, which can be dissolved for reasons of incompatibility or other valid reasons and not on flimsy grounds. Unlike some other religions, it is not indissoluble. Women are given inheritance rights, and their consent in marriage is essential.

A brief comparison of fundamental human rights enshrined in the Quran and *Sunna* with the rights proclaimed in the Universal Declaration would dispel the popularly held view that human rights are of Western construct. The European Islamic Council (an NGO composed of eminent Muslim scholars, jurists and representatives of Islamic movements and thought) adopted the Universal Islamic Declaration of Human Rights on September 19, 1981

Based on this Islamic Declaration, a group of distinguished scholars and jurists from Arab countries adopted (on December 12, 1986) at Syracuse the "Draft Charter on Human and People's Rights in the Arab World." Though these two Islamic texts are yet to be formally approved by the Arab League of States, they have no inconsistency in general with the Universal Declaration of Human Rights, except on one or two issues related to freedom of religion (as Muslims are not allowed to renounce Islam and accept another religion), and freedom of marriage (as Muslim males are allowed to marry the followers of Biblical religions, i.e., Judaism and Christianity, but the same freedom is not extended to Muslim women when selecting their husbands. These documents which are based on the Quran and Prophetic traditions provide an elaborate list of rights such as security of human life, freedom from slavery or servitude (humane treatment of slaves or granting them freedom), right to justice, right to fair trial, right to protection against abuse of power, protection of honour and reputation, respect for the chastity of women, rights concerning immigrants and refugees, freedom of conscience and conviction (for religious minorities); equality before law, the right and obligation to participate in the conduct and management of public affairs, economic rights; status and dignity of workers, liberty of work, protection of property, right to privacy; right to found a family and related matters, rights of married women and the principle of racial equality. (For a critical evaluation of Islamic traditions, see Abdulrahim P Vijapur, "The Islamic Concept of Human Rights and the International Bill of Rights: The Dilemma of Muslim States", *Turkish Yearbook of Human Rights*, Ankara, Vol 15, 1993, pp 103-33)

These rights (as proclaimed by the International Bill) have been accepted by the majority of states despite their historical. economic, social and cultural differences and ideological diversity, as the concern for human rights has never been alien to their cultures.

Thus, the Islamic concept of rights was very advanced as it applied to all humans, irrespective of whether they were Muslims or not. Non-Muslim minorities had rights under Islamic law and directives which no ruling majority could interfere with. The principles of universal brotherhood, equality

and non-discrimination are significant bases of Islamic concept of rights. The farewell address of the Prophet summarizes the Islamic precept. He said: "O men, truly your God is one God, and your father, too, is one; you are all born of Adam, and Adam is but dust. The noblest of you with Allah is the most dutiful. *No man, whether he is an Arab or not, and whatever his race or colour, is superior to any other man except in uprightness*." (Italics added.)

To sum up, human rights in Islam exist only in relation to human obligations. Individuals possess certain obligations towards God, fellow humans and nature -- a much broader concept indeed.

TOWARDS INTERNATIONAL RECOGNITION OF HUMAN RIGHTS

The foregoing discussion of non Western perspectives on human rights reveals that it is premature to look for well-articulated legal codes in ancient cultures which might reflect human rights as we understand them today. It is true that in these cultures societies incorporated the metaphysical ideals of human rights into their social and legal functioning, but these cultures did not establish universality of their application as the rights were extended only to small elite groups. The concept of human rights is essentially modern. For the first time in the history of many cultures it has ceased to be a metaphysical concept. It has now become universal in the sense that every individual, irrespective of their sex, religion, race, colour, language, national or social status is entitled to human rights. What is more significant is that these rights (as proclaimed by the International Bill) have been accepted by the majority of states despite their historical, economic, social and cultural differences and ideological diversity, as the concern for human rights has never been alien to their cultures. To that extent the modern concept is rightly universal.

No doubt the International Bill of Rights seeks to address all mankind with a single voice by providing the same broad parameters of behaviour for all states. Pragmatically, it does not prescribe the same scheme of relationship between governments and individuals for all countries in the world. Under it each country is left free to adopt the institutional arrangements or political system most congenial to it, which best suits its people and reflects its national peculiarities and traditions. All that the Bill demands is respect for certain "minimum standards" and respect for certain "basic (non-derogable

rights" Moreover, each state may place restrictions on human rights for reasons dictated by requirements of public order or national security, morality or health. The supervisory mechanism of the UN Covenants only encourages a dialogue between states of diverse socio-cultural background to share their experiences and the constraints that they encountered while implementing human rights. The States bound by the UN Covenants thus enjoy a large measure of discretion in domestic enforcement of these international obligations. Thus, the UN documents give space for the co-existence of various cultures and civilizations within a broad paradigm of "international human rights"

No catalogue of human rights can ever be exhaustive or final and no single meaning or understanding of the content of human rights can be said to be universally acceptable to all nations and peoples. The content of human rights goes hand in hand with the state of moral consciousness or civilizational development at any given time in history. The cross-cultural critique does not invalidate the International Bill but offers new perspectives for an internal criticism, and sets the limits of validity of human rights, offering at the same time both possibilities for enlarging its realm and of a cultural dialogue on the concept of rights. In conclusion, it may be observed that the Western (UN) model of human rights is universal, yet limited. Non-Western mainstream traditions will enrich the understanding of the whole idea of human rights.

PERSPECTIVES ON HUMAN RIGHTS

A KNOT TO BE UNTIED: DIFFERENCES ON HUMAN RIGHTS BETWEEN CHINA AND THE WEST

ZHU MUZHI

There is no direct conflict of interest between China and the West and their relations have improved in recent years. This is encouraging progress, beneficial to China, the West and the world as a whole. However, there are still some major differences on the issue of human rights. Promoting common viewpoints and reducing differences on this issue will greatly benefit China and the Western countries. It will play a positive role in solving the issues of peace and development (the two most important issues in the world today) and enable the two sides to strengthen their cooperation.

Why do major differences exist between the West and China on the issue of human rights? Most of them can be attributed to different ways of understanding human rights. The West holds that the human rights situation in China is in a mess, China is of the opinion that it has made great achievements in this field.

It is up to the Chinese people to make the correct judgment about their country's human rights record. For them, it is a concrete — not an abstract

issue Instead of judging human rights by any definition, principle or fixed model, they compare their present lives with what existed in old China, and before the country embarked on reform, and before it opened up to the outside world

In old China, foreign aggressors massacred the Chinese people at random, and wrung as much sweat and blood out of them as they could During the war of aggression against China launched by Japan in the 1930s, China suffered more than 30 million casualties After the Opium War of 1840, foreign aggressors plundered hundred million *taels* of silver, at a time when the annual income of the government of the Qing Dynasty (1644-1911) was less than 100 million *taels* Chinese people at that time suffered all kinds of humiliations For example, a board with the words, "No Chinese or Dogs Allowed" was hung on the gate of a park in the Shanghai foreign concession After the Qing Dynasty was overthrown, China was torn by separatist warlord regimes and endless civil wars; the people had nowhere to escape, and 80 per cent of them struggled along on the verge of starvation In 1946 some 10 million people starved to death throughout the country Nowadays, foreign aggressors no longer dare to invade China, and wilfully massacre or humiliate the Chinese people The country now enjoys social stability and sound economic development The basic food and clothing requirements for 1.2 billion people have been met, and nobody freezes or starves to death on the street The average life span has increased from 36 in old China to 70.8 at present, while the death rate dropped form 3.3 per cent to 0.649 per cent in 1994 The gross national product has been quadrupled over the past 20 years, and people's living standards have improved considerably The average per capita income of urban residents in 1996 increased by 41.6 per cent in real terms over 1991, and by 3.4 per cent in 1997 over 1996. The average per capita income of rural residents increased by 28.8 per cent during the same period; and by 4.6 per cent in 1997 over

The basic food and clothing requirements for 1.2 billion people have been met, and nobody freezes or starves to death on the street. The average life span has increased from 36 in old China to 70.8 at present, while the death rate dropped form 3.3 per cent to 0.649 per cent in 1994.

1996. The improvement of China's human rights situation is also evidenced by the significant improvement in people's rights to work and receive education including that of women and children, as well as of ethnic minorities.

Through such comparisons, the Chinese people are now keenly aware that they enjoy unprecedented human rights, and there is a world of difference between the present human rights situation and that of old China. Therefore the attacks made by the West on China's human rights situation are totally unacceptable, and we oppose them resolutely.

THE IMPORTANCE OF ECONOMIC SECURITY

The attacks of the West focus on political rights. The most common argument is that China's economy has been developing but it is not democratic. Chinese people view this issue differently; instead of focusing on any abstract and vague definition, principle or model of human rights, their criteria of democracy is whether the government accepts people's opinions and fulfils their requirements, and works for their well being.

In old China, people struggled to resist foreign aggressors and overthrow the feudal system. However, instead of supporting the people, the Qing, Northern Warlords and the Kuomintang (KMT) governments colluded with foreign and feudal powers to suppress the people in a brutal fashion. The Chinese people enthusiastically supported the Communist Party of China (CPC), which was much smaller and weaker than the KMT, for it resolutely opposed imperialism, feudalism and bureaucratic capitalism. As a result, the revolution won a great victory. After the founding of the People's Republic of China, the most pressing and urgent demand of the Chinese people was to solve the issue of providing their basic needs for food and clothing, make the country strong and the people affluent, and build China, which had been despised for poverty and backwardness, into a country enjoying respect and equal status in the world. Over the past 50 years, especially since it introduced the policies of building itself into a socialist country with Chinese characteristics, with economic construction and reforms as the core objective, China has enjoyed sustained and rapid economic, political, social and cultural development. Every sector of the economy is thriving. It has basically solved the issue of providing its people with their basic needs for food and clothing

and is forging ahead toward the goal of achieving a fairly prosperous life for everyone. China's international status is improving, and the ardent wishes of the people are gradually coming true. The Chinese people believe that the government is democratic, for it implements the people's will; they would rather be ruled by such a government even if it is regarded by outsiders as autocratic.

The Chinese people have their own views on China's human rights situation. This cannot be ignored since it is impossible to reach an objective and fair conclusion by ignoring their opinions which are based on their experiences.

Of course, there is still a lot of room for improvement in China's human rights situation. For example, there are still 50 million people living below the poverty line. Serious infringement of democratic rights and the rights of the person still occur now and then. Therefore efforts must be made to further strengthen socialist democracy and improve the legal system. The government treats these problems seriously in order to prevent and overcome them. For example, China has taken steps to strengthen the legal protection of human rights, a field in which China is often attacked by the West. Since the initiation of the policies of reform and opening to the outside world, China has attached great importance to legislation, and administered the country strictly according to law. It has enacted 328 laws and resolutions possessing the force of law, revised its Criminal Law and Criminal Procedure Code, and passed the Administrative Procedure Law, the State Compensation Law and a host of other laws. The State Council has formulated over 700 sets of administrative laws and regulations, and has worked out more than 5000 sets of local laws and regulations that have been approved by various provinces. Violations of human rights, furthermore, have been dealt with severely. According to the report of the Supreme People's Procuratorate to the Ninth National People's Congress convened in March this year, over the past five years, procuratorial bodies throughout the country have registered 387,352 cases for investigation and prosecution, involving corruption, bribes, dereliction of duty, and infringements on citizens' personal and democratic rights. In addition, 3,404 inspection centres have been established in supervisory administrative organs to strengthen the supervision of law enforcement, and 360 inspectors who

have broken the law or violated discipline have been sanctioned. All this shows that the government treats existing problems seriously and conscientiously. The Chinese people understand that some of these problems cannot be eliminated within a short time – no more than in other countries. Although they have some critical opinions on some problems, they understand and support the government. Some Westerners defend China by saying that its existing human rights problems stem from government policies. Such an accusation can only arouse the Chinese people's wrath.

Therefore, the Chinese people have their own views on China's human rights situation. This cannot be ignored since it is impossible to reach an objective and fair conclusion by ignoring their opinions which are based on their experiences. It is therefore, impossible to reach an objective view and arrive at fair conclusions by listening instead to the statements of a tiny minority of people whose interests are opposed to those of the broad masses of the people, or measuring China's human rights situation according to the yardstick used in other countries.

As mentioned above, the views of the Chinese people on the human rights situation in their country are not based on subjective judgments but on objective facts. Therefore, one must respect facts and adopt a correct attitude towards these facts when judging the human rights situation in China. In other words, we must have a thorough knowledge of the facts both past and present, and not make judgments on the basis of selective facts, temporary situations, subjective assumptions, rumours or ill-intentioned fabrications. We must also analyse whether achievements or errors and defects are the principal part and whether we have made progress or lagged behind. We should basically affirm and stimulate the former, while negating and criticising the latter; we must not accept views indiscriminately, and we must not confound right with wrong. Only by taking such precautions can we reach an objective and fair conclusion.

Views on human rights diverge not only in attitudes to facts, but also in the understanding of the connotation. China deems human rights to include political, economic, social and cultural rights, and so on, and that the right to subsistence and the right to development are indeed fundamental. But some Western countries, particularly the United States, emphasise only

political rights, without recognising the right to subsistence and the right to development; they refuse to recognise China's great achievement in ensuring the right to subsistence and the right to development of its 1.2 billion people. Though some countries admit that human rights include all kinds of rights, they never take the right to subsistence and the right to development into account when evaluating China's human rights situation. As a matter of fact, in both the Declaration of Independence of the United States and the Universal Declaration of Human Rights the right to subsistence is placed before the rights of freedom of enjoying happiness or personal safety; and it is pointed out in the Vienna Declaration and Programme of Action that the extensive existence of extreme poverty impedes the full and valid enjoyment of human rights, and immediate alleviation and ultimate elimination of poverty should still be given top priority by the international community. It is crystal clear that the enjoyment of other human rights is out of the question if people do not have the right to development. Perhaps it is the developed economies and high living standards of some Western countries that make them overlook or deny the right to subsistence and the right to development. This is exemplified by a Chinese proverb, which says, "He whose stomach is full is oblivious to the starving man's hunger". In this case it means that the rich often have totally different viewpoints from those of the poor.

> **The fact is that China has always paid great attention to the rights of the individual, and in the country's Constitution there is a special chapter explicitly stipulating the fundamental rights of Chinese citizens, such as the freedoms of speech, the press and assembly.**

THE WISHES OF THE MAJORITY MUST PREVAIL

On the issue of democracy, some Western countries also have biased opinions, they hold that democracy is the right of people to freely express their own ideas and demands, and that democracy can only be achieved by the implementation of multiparty elections, 'separation of powers' and parliamentary systems. They denounce China for attaching importance

only to the rights of collectives and claim that the people's congress system is not a reflection of democracy. Nevertheless, the fact is that China has always paid great attention to the rights of the individual, and in the country's Constitution there is a special chapter explicitly stipulating the fundamental rights of Chinese citizens, such as the freedoms of speech, the press and assembly. China insists that a democratic system should not only give rights of freely expressing opinions and demands to individuals, but also truly act according to the wishes of the majority. Since different individuals have different opinions and demands, it is impossible to meet the requirements of every person, so matters have to be handled according to the wishes of the majority, which is the essential meaning of democracy. In the Universal Declaration of Human Rights, it is pointed out that the people's will is the basis of government power. Here the will of the people does not refer to the will of every individual, but of the majority. Viewed from this angle, the Chinese government well-deserves the title of democracy, for it concentrates its efforts on meeting the most urgent requirements of the majority of the people for adequate food and clothing, for prosperity and affluence, this completely reflects the will of the people. Similarly, the criterion for judging China's people's congress system is whether it can ensure the realisation of the will of the people. China has achieved great success in meeting its people's most pressing demands step by step by implementing the guiding principles, policies and plans formulated by different National People's Congresses. It shows that the people's congress system can fully reflect the will of the majority and ensure that their opinions and demands are fulfilled. It is impossible for different countries to have the same mode of democracy. Whether a system is a truly democratic one or not lies in whether the opinions and demands of the majority is ultimately realised or not. If only the opinions of the minority are listened to and if only their demands are met, then it is not democracy, no matter how democratic the form of the government is.

Some Western countries often attach importance only to the universality of human rights; they denounce China for insisting on the particular as well as the universal aspects of human rights, and consider this as tantamount to an opposition to human rights. Nevertheless, it is common sense that without particularity, there can be no universality. As a Western saying goes: 'All Roads Lead to Rome'. Rome is the sole destination, but people find

different places have to travel via different roads to get there. If the particularities or the difference of roads leading to Rome, are denied then there can be no universality, and then there can be no common destination. While all people universally have the same requirement as regards human rights, different countries, have their different ways of achieving them. Only when every country pays great attention to and manages to find the most suitable way to implement human rights, can human rights be truly promoted. Otherwise the universality of human rights is only lip service. While adopting a high moral posture and while underlining the universality of the Universal Declaration of Human Rights, many Western countries censure China for opposing the Declaration. However, as we have shown above by carefully selecting its own special way, China has well-effectuated the spirit and principles of the Universal Declaration of Human Rights.

It is clear that China and the West diverge greatly in their views of China's human rights situation and in their understanding of the whole question of human rights. In dealing with this divergence, I think that first of all we should admit that it is normal for countries with different conditions and situations to have different opinions about human rights. It would be abnormal and even impossible for all the people and affairs in the world to be exactly alike. Secondly we should earnestly open dialogues with each other on equal footing and with mutual respect. Only through dialogue can we gain a better understanding of the facts and exchange opinions. This is the most effective way for us to eliminate misunderstandings, reduce differences and gradually reach a common view. As long as any approach, however different, but with the same goals, has sufficient rationale, it should be supported, or at least be allowed to proceed instead of being rudely objected to or even completely negated.

Having been deprived of human rights for more than 100 years and having fought to win them back at the sacrifice of innumerable lives, the Chinese people treasure human rights as much as any other people. They are also as experienced, after long, bitter struggles, as any other people in striving for the promotion of human rights relevant to the conditions in their country, while learning from the experience of others. At the same time, the Chinese people, bullied by imperialism for so long, have a burning

hatred for hegemonistic attempts to impair China's dignity and sovereignty under the pretext of defending human rights.

The divergence in their views on human rights is a knot in the relations between China and the West. This is counter productive for both of them and even for the world as a whole. China has long been hoping to untie this knot, and more and more Western people are also hoping to do so. This year the European Union announced that it would not support the proposal against China in the United Nations Commission on Human Rights, and the United States decided to refrain too. This has cleared the tense and antagonistic atmosphere that clouded the past. Although this is an encouraging trend, the problem has not been totally solved yet, the knot still exists.

This year is the 50th anniversary of the Universal Declaration of Human Rights. I firmly believe that barriers can be completely removed soon or later if we all conscientiously abide by the spirit and principles of the Declaration, and make earnest efforts in unison.

Perspectives On Human Rights

UNIVERSALITY OF HUMAN RIGHTS – EUROPEAN SUPERIORITY OR EUROPEAN EXPERIENCE?

FREIMUT DUVE

One could have called both the European Community and the Council of Europe differently, "the never again Europe". The experiences between 1933 and 1945 were so horrendous and were so deeply felt that after 1945 we all shared the "never again" feeling. This was intensified when Stalin enlarged his power over important countries and cultures of Eastern and Central Europe.

So after 1989 the "never again" idea gathered new momentum. Never again war among neighbours, never again dictators and brutal annihilation of all traditions of human dignity and human rights, and never again any onslaught on everything that represents the traditions of European civility — the traditions of the rule of law, the attack on the great history of free speech and free writing, the expulsion and in many cases the killing of writers. Never again concentration camps in which the people in the so-called "get rid of groups" were detained and killed. Never again anything like Hitler's successful attempts to extinguish minorities by mass murder, or the imposition of thousands of the most brutal regulations issued between January 1933 and April 1945, strangling the day-to-day life of Jewish citizens.

So if we discuss today the European commitment to Human Rights nobody should be mistaken. This endeavour does not stem from European feelings of superiority; it is the result – at least in central Europe – of our own experiences with ourselves, with Europeans like Hitler, who had declared war on European values, and who had tried to cut off Germany from the cultural web we call Europe.

So when in 1948 the universal declaration on human rights was proclaimed, it was these terrible inter-war experiences which convinced Europeans to take an active part in the future work for the universalisation of these rights. This historical trauma of inter-war events had a much stronger impact on the human rights discussion than all the discussions in the history of philosophy, and the great interaction of philosophers and thinkers.

The Anti-Slavery Society in London started its work early in the nineteenth century. It criticised again and again the colonial practice of their own fellow countrymen in Africa or Asia, thus bringing the dignity of self-criticism into the European debate.

Therefore, when Islamic or other writers ask us why we insist on the idea of universality we respond: it is our experience of European brutality, of European colonial share in the global slave trade, of torture during colonial times, and of genocide on European soil that has made us vigorous and determined about defending human rights. And it is our German – European — experience that only through critical public debates that crimes against humanity can be efficaciously fought.

The Anti-Slavery Society in London started its work early in the nineteenth century. It criticised again and again the colonial practice of their own fellow countrymen in Africa or Asia, thus bringing the dignity of self-criticism into the European debate, and excluding more and more the extremely dangerous consequences of non-democratic nationalism. There is no real guarantee for the respect of human rights without challenging and combating the traitor syndrome, which is so nicely expressed in "right or wrong my country-concept", or my army or terror-group – a rule the national states had so clearly and often brutally developed during the nineteenth century.

It is important to note that Europe would not have been able to abolish avery without the British parliament and without the British NGOs which, the beginning of the nineteenth century, started to ask questions, and en accuse their own government publicly of wrongdoing, and which roughout the nineteenth century played the role of London watchdogs ncerning things happening in the empire. This is to say that there are no uman rights guarantees without the courage of individuals or groups to ise their voices against their own state and accuse them of wrong doing.

I learnt a lot from Servan-Schenber, a French journalist, who in the late ities dared to condemn French torture in Algeria. Yes, we do look back 200 or more years of philosophical and political debate, of fighting ainst slavery, of contributing to human rights, but we in Europe and in ermany were also among those who destroyed these very values.

We must not forget that the first radical fundamentalists of this century gunised a major transformation of the German Reich from a civil state to a quasi-religious entity which had to exchange its national symbols for quasi religious company logo, the swastika. This had nothing to do with erman history. It was a modern form of media logo applied by media ndamentalists to get rid of public debate on pluralist democracy. The vastika as a fundamentalist logo was in effect a call to kill basic human rights.

Therefore when some new self-appointed fundamentalists in North frica or in Asia try to tell us via TV, machine guns or loud speakers that heir traditions do not allow their acceptance of this strange European ... the universality of human rights, we are obliged to them to ask back: ... were some of them able to develop these radical positions in Paris, in an Francisco or in Frankfurt, during the time of their refuge and asylum utside their own countries - which at that time, by their own definition, ere ruled by traitors to their own culture.

Think of the young women from India who work in Saudi Arabia, and who are often deprived of all human dignity. Think of their basic rights; they have to be safeguarded. They too are suffering, and suffering is universal, ot European or Asian. Those critics who want to have particular "cultural" uman rights — and who therefore would accept the suffering of the weak — often do claim this particularity for obvious political reasons rather than of cultural or religious traditions — often misusing their power to assert the on-universality of human rights.

During the cold war we witnessed the global violation of human rights. I used to call it global ballet of accusations; if you accuse Castro and you are nice to Pinochet you have lost the battle; if you condemn apartheid but paper over Gulag you are a traitor to human rights.

And then we had to learn to be precise and to be concrete; to help people is more important than to be fair to criminal violators; the global ballet always had some other culprit — and when you don't attack him — even if you had no possibility to help somebody in that other country you were criticised. We are talking about people in need, and if we can put pressure on a small country we should do so. we must not remain calm in regard to the small country in question, simply because we can't put pressure on big China

Therefore our European experience shows that there can be no improvement on human rights or on civil obligations if there isn't any participation of or a lead from non-government voices from within the dictatorships, and from outside.

During the Soviet system we had developed *Ostpolitik*. Talk with [illegible] deal with them and, at the same time, negotiate certain remedies. The third basket was introduced into the Helsinki process and Brezhnev [illegible] accept some free movement of journalists

But this whole process would have been impossible without a [illegible] public debate of writers, intellectuals, students at universities, church[illegible] state officials; it would have been impossible to confine this to an [illegible] government debate only. When Vaclav Havel was in prison, his books [illegible] published all over the world. No Prague power player could prevent [illegible]

Therefore our European experience shows that there can be [illegible] improvement on human rights or on civil obligations if there isn't [illegible] participation of or a lead from non-government voices from within [illegible] dictatorships, and from outside. Our experience gained from [illegible] controversial debates, is that there is no chance for human rights guarantee[illegible] without democracies which have abolished the extremist notion of "enemy [illegible] and traitor", which allow open debates and which accept open opposition[illegible] Opponents are not enemies. They are a part of our system; they are the result of terrible trials and errors; they are the outcome of our experience[illegible] much more than of legal or theoretical discussions.

So when the 1989 cold war was over there were no arguments against continuing the fight for human rights into the next era, and into the next century, and there are no reasons to limit this fight to Europe or North America. That's why the Organisation for European Security and Cooperation (OSCE) has three heads of institutions: the human rights office in Warsaw, the minority rights office in The Hague and this writer's office for the freedom of the Media in Vienna.

After 1989 we realised that in modern economies and societies open debate is as important and as vital for the individual rights of the citizens as it is for the well-being of the country. The corrective function of free media is obvious. There would have been no Tschernobyl if free journalism had existed in the former Soviet Union.

With regard to the function of this writer as the ombudsman for free media in the 53 member states of the OSCE, I maintain that from our experience in Europe we have come to the conclusion that it is the responsibility of professional journalism to help the government institutions to safeguard human rights of individual citizens, to help the public in its corrective function of open debate with regard to all major decisions of the country, and to highlight the need for peace in the region by countering all attempts to organise hatred and anger against a neighbouring group or country.

Of course this is a stupendous task, because many media persons do in fact use conflicts and historical myths of conflicts to sell their product and to stir up emotions. But that again is one of our European "never again" lessons, you have to live in peace with your neighbour. You need him as a partner, you need him as a buyer of your goods. Today Germany's neighbours are our main buyers of its products and Germany is the main buyer of their products.

Yes, we plead for the universality of human rights. Experience and awareness, debate and exchange of different opinions have helped Europe to reach its present position. The nineties have shown us that our "never again" did happen in former Yugoslavia where mass killing, concentration camps, ethnic brutality, racism, and apartheid are the order of the day. That was Europe, so we know what we are talking about.

Perspectives On Human Rights

JOBS, TRADE UNION RIGHTS, MARKETS AND DEMOCRACY

BILL JORDAN

The challenge of today is to make the globalisation of the ma[illegible] work for people and for social justice. The fundamental [illegible] conventions of the International Labour Organisation (ILO) [illegible] essential elements of the response to it. Fifty years ago the annual con[illegible] of the ILO adopted Convention 87 on Freedom of Association and Pro[illegible] of the Right to Organise. The Convention is the universal de[illegible] what the most basic of trade union rights actually are. Together [illegible] Convention 98 on the Right to Organise and Collective Bargaining, [illegible] was adopted in the following years, it provides a vital reference poi[illegible] trade unionists the world over as they seek to defend and promote [illegible] rights. The Universal Declaration of Human Rights was adopted [illegible] after Convention 87, and echoes it in proclaiming that everyone ha[illegible] right to form and to join trade unions. This is no coincidence. It is [illegible] that trade union rights are human rights, and that they are universal.

This article reflects on how the twin processes of globalisation [illegible] democratisation are affecting the role of trade unions. We in the trade un[illegible]

movement are thinking deeply about how to develop a new approach to labour/management relations based on the importance of respect for labour rights and the need to ensure wide participation of workers in the continuous process of structural adaptation that characterises the global market.

As is shown in the ILO's 1997 World Labour Report, the industrial relations system faces many challenges. Perhaps the hardest thing to change in the world economy are the institutions governments, employers and trade unions have established to regulate our complex tripartite relationships. They are based on hard won compromises which many are reluctant to redo. And they are based on fundamental principles which most do not wish to undermine. However, change we must. This article attempts to set out what we see as some of the foundations that are necessary for the future of the world's industrial relations system. We are highly conscious of the fact that each nation has its own system and is likely to continue to have for many decades. Nevertheless, it is vitally important in an open world economy that our different systems are compatible, one with another. Much of the work has to be done in the world parliament of labour, the ILO. But it is a task that has very wide implications for trade and investment, for employment and development, for society and for what has come to be termed the ethics of good governance. The International Confederation of Free Trade Unions (ICFTU) does not claim to have all the answers but we do think that our starting point, and that of the ILO, of looking at the world of work and the contract of employment is a prism which sheds much light on the problems of ensuring that globalisation has a human face.

The basics are four inter-related points:

- The need to balance workers' desire for security in employment with the constant pressure from the market on employers to adapt quickly and efficiently to changes in technology and trade.
- The significance of freedom of association both as a fundamental human right and as the means for social development, which in turn is a key to economic and political stability.
- The importance of ensuring a moral dimension to the functioning of markets and thus of progressing universal observance of core labour standards.

- The need for international coordination of policies for full employm
and the elimination of poverty, built on strong national institutions th
are capable of forging consensus for growth with equity

SECURITY AND FLEXIBILITY

What should be the role of trade unions in a globalised market econom
Of course, there is no one simple answer Trade unions and
institutions of the labour market reflect the different histories of diff
countries, but unions everywh are facing very similar questions the present time To put it sim 'how do we balance workers for security in employment wit constant pressure from the mark on employers to adapt quickly efficiently to change in techno and trade?'

Some politicians and empl do not see the need for balan all, and it would be appropri explain why employers should concerned about workers' fears of insecurity, why unions have to com terms with the need for structural change and adaptation, and governments should aim to establish a sound framework of labour la promote dialogue and agreement

Just as companies need to understand workers' fears about insecurity and look for ways to meet their aspiration for predictability in their employment contract, so workers and their unions have to come to terms with the fact that companies that do not change get left behind and die.

If workers are suspicious that their employer will lay them off or their wages or intensify the work process from one day to the next are unlikely to feel much loyalty to the company and its success Perh a company can survive by creating an atmosphere of intimidation and thi but in the modern world of constant innovation it is doubtful whether can become leaders. In our experience the most successful companies countries are those that are based on teamwork and partnership. And key to both is trust.

Employers should recognise that the cooperation and engagement working people in adaptation and change is built on a sense of security th

contracts of employment will not be arbitrarily changed. In too many companies that innocuous world "flexibility" has come to mean for workers lay-offs, unemployment, pay cuts, longer hours, increased stress and a higher risk of accidents and occupational disease. The absence of security in employment weakens the ability of companies and unions to work for change by agreement.

Just as companies need to understand workers' fears about insecurity and look for ways to meet their aspiration for predictability in their employment contract, so workers and their unions have to come to terms with the fact that companies that do not change get left behind and die. Continuous product and process innovation is part of the reality of the global market, and comparative advantages lie with those companies that are best able to manage innovation. The most difficult challenge for management, however, is not in generating the new ideas but in translating them into the organisation of work.

For unions to embrace a strategy of continuous adaptation the key ingredient is information and consultation. If we are to be able to represent workers as they accommodate to change we must be able to contribute to management plans, point out problems, search for acceptable solutions, and above all allay workers' fears that they might become the losers.

It is a practical impossibility to anticipate all the employment implications of technological and market change for employment. What governments, employers and unions need therefore is a framework for continuous discussion and bargaining at several levels of the economy. Tripartite institutions are vital to dealing with the national dimensions of change, including training and education. Company and plant level bargaining is the key to the smooth adaptation of employment within the enterprise. Local and regional cooperation initiatives are essential to avoiding widening gaps between job opportunities in different parts of the country.

FREEDOM OF ASSOCIATION AND SOCIAL DEVELOPMENT

Turning to the second point, the ILO Conventions on freedom of association remain an essential foundation for a new industrial relations system and social development, and with their emphasis on the essential elements of law needed to ensure the free functioning of trade unions, are

vital to proper dialogue and negotiations. Their observance also sends a clear message to trading partners that the country accepts what we believe is an emerging, common global culture built on the democratic rights of citizens, a market economy and a social responsibility to promote equity through participation

The market can achieve many things but what it cannot do is build social cohesion. That is a product of the institutions and relationships both public and private that constitute civil society.

If you ask a stranger "who are you" they will often answer by telling you their occupation as well their name People's sense of identity and personal esteem is intimately bound up with what they do for a living If you become unemployed or if you become trapped in a job that is degrading and debilitating, that vital sense of self respect is destroyed The work experience is clearly more than just a means of earning a livelihood and escaping from poverty, it is also the main way people participate in, for want of better words, civil society

Where individuals enjoy the right to set up organisations of their own choosing, the state recognises that people can get together to change the way society functions; they are *citizens* Where freedom of association does not exist, the state is in a position to command its *subjects* to obey and not to question or challenge authority Of course other freedoms are tremendously important, freedom of expression, of religion, the right to a fair trial and on, but it is freedom of association which creates the possibility for citizens to win other freedoms

The market can achieve many things but what it cannot do is build social cohesion. That is a product of the institutions and relationships both public and private that constitute civil society. As trade unions we have experienced that the institutions and relationships that are developed around the work place are an essential determinant of both economic progress and social justice. They have to be constantly adapted and naturally reflect the particular experience of different countries, regions and industries. In addition because liberalisation of trade and capital markets is moving ahead so fast they must also adapt to the global pressures that are penetrating into areas

of policy that had previously largely been thought of as only of national concern, especially to the process of job creation and work relations.

Creating an enabling environment for employment and sustainable livelihoods is directly related to all other aspects of international cooperation. Without social justice we cannot expect to achieve economic and political stability. Without the underpinning of international policies and programmes to promote justice, social conflict bursts out in all sorts of unpredictable and dangerous ways. Besides, being a moral course of action, social development is productive

THE MORALITY OF THE MARKET AND CORE LABOUR STANDARDS

The third point is the need for morality in the market. We often forget that markets are made by an infinite number of individuals constantly making decisions and contracts that affect others and that when they do so they have a choice Our experience is that the vast majority of workers, employers and politicians, when given the chance to do the right thing, prefer to do the moral thing Their problem is identifying the consequences of their decisions and thus finding what the right choice is The challenge is to try and design a market system which makes it easier for people to behave in ways consistent with their own and society's values, and which engenders sufficient trust that others will do likewise Markets are run by people and people are moral beings

For trade unions the question is, can we help to construct rules for the market that are simple, easily understood and accepted? So that when decisions are taken, citizens including corporate citizens face incentives and disincentives that help them to behave in ways that society as a whole regards as right.

Of course, this begs the question as to whether there is some sort of general consensus about moral standards. This was a tough question when the geographical boundaries of the state and the market were more or less the same but now we are moving towards a global market which stretches over the national and cultural boundaries within which we have traditionally debated moral standards and how to apply them. It is now more difficult to answer the question but it is still very relevant to the day-to-day work of business and trade unions.

Trade unionists, politicians, business people and journalists all over the world are spending a lot of time talking about core labour standards. There seems to be an emerging consensus that there are a limited number of universal principles which are very widely accepted regarding human rights at work. Furthermore, we have not found any great cultural barriers in these discussions. There are very practical questions about resources, responsibilities and the way various institutions function, but on the basic issues of right and wrong we see few major difficulties on what has come to be known as core labour standards.

We have focused on three areas. The first of these is that people should have the freedom of choice in employment. They should not be forced to work, even as punishment for a crime. In a sense we are all forced to work in order to make a living, but what we are talking about is slavery.

In terms of the moral argument, child labour is closely related to forced labour. Nearly everywhere it is accepted that it is not right for children to have to go to work when they should be at school. The international norm for the minimum age for employment is fifteen, or in exceptionally poor countries thirteen. There is widespread agreement that, alongside labour laws which reflect societies' wish to stop the practice of child labour, there is a need for increased investment in education, especially for girls, and the deployment of a major effort to ensure that parents of child labourers, who were themselves often forced to work as children and are now extremely disadvantaged on the labour market, get the chance to earn a decent living and support their offspring through to adulthood.

A second basic universal right is that working people should be able to form and join organisations of their own choice to voice their common concerns. This is a fundamental prerequisite for the functioning of a democracy and applies in the workplace as well as in society at large. It enables the individual worker to redress the inherent imbalance in the power relations that determine contracts of employment. Furthermore, by creating the possibility of collective bargaining it gives trade unions and employers the opportunity to solve many problems that otherwise might require resort to extensive labour legislation and expensive litigation.

The counterpoint of freedom of association is the right not to be forced into an organisation that workers do not want to join or they cannot control democratically. The ICFTU has spent a good deal of its nearly fifty years

of existence fighting regimes which tried to subvert the concept of trade unionism for their own purposes.

The third component of the core labour standards is that it is wrong to discriminate in employment on grounds of sex, or religion, or race, or ethnic origin, or political opinion, or membership of a trade union. Discrimination is a pervasive problem in most societies, difficult to eradicate and has a tendency to reappear just when you thought you had got to the bottom of the problem, but there are few responsible leaders who will defend it. Equality of opportunity on the labour market is widely supported because it is morally right and because it has the added value of being economically efficient.

Equality of opportunity on the labour market is widely supported because it is morally right and because it has the added value of being economically efficient.

As already suggested, core labour standards are not simply a moral issue or a so-called social question divorced from the functioning of markets. The workplace is where the commercial work interacts most directly with people's sense of what is right and wrong in the way they and fellow workers even in far distant parts of our globalised economy are treated. The contract of employment is the first in a chain of contracts that constitute the world trading system. If the process for making such contracts is not founded on some minimum universal precepts of morality, the legitimacy of the whole system is seriously weakened.

CO-ORDINATION OF POLICIES FOR GROWTH WITH EQUITY

The fourth point is the need for international co-ordination of policies for full employment and the elimination of poverty. We do not believe social development and the eradication of poverty is possible without full employment. And we do believe full employment is still possible, although defining it especially in developing countries is not always easy. It is important as a goal because unemployment is a waste and a burden we cannot afford. With globalisation the pursuit of full employment requires a combination of national and international policies.

Trade unions' basic role has become even more important in this new age. Our job is to articulate grievances and negotiate with employers and governments to find solutions. We are problem solvers although some governments and employers perceive us as problem creators. The commitment of the Copenhagen World Summit for Social Development on basic worker rights is thus very important because it enables us to rebuild our role at the workplace and thus more broadly, contribute to the forging of national and international consensus about how to achieve growth with equity

The two main mechanisms available for resolving distributional conflicts are collective bargaining and the budget For most of us our pay is our main source of income, and thus agreement about pay structures within the firm and more widely, have a profound effect on the distribution of income Many but not all problems can be worked out directly through collective bargaining between unions and employers In an increasingly competitive world few employers have the market power to pass on increased labour costs to consumers through price rises. Therefore collective bargaining is focusing more and more on how unions and employers can cooperate to improve productivity and thus both profits and pay This is a positive development but means in turn that the mechanisms for information exchange, consultation and bargaining have to be improved so that all concerned know the costs and benefits of the various options available Technocratic solutions which look fine on a computer model or in corporate headquarters will fail if they are imposed Sometimes less elegant compromises, built up through a more participative process, will work better because they engage and commit the parties to making them work

Similar arguments apply to the making of the national budget We must ensure that the weakest in society are helped out of poverty and that the wealthiest shoulder a fair share of the burden The broader the base of political and social support for the tax and expenditure policies voted in parliaments, the more likely is it that governments will be able to keep their fiscal and monetary targets and thus avoid the penalties of financial instability Social development is to a large extent about using the budget to redistribute resources to activities and to people who need them and cannot get them through the market. Budget making is thus about persuading the "haves" that it is in their interests to support the "have nots".

And there is an international dimension to this process. We need more resource transfers across national boundaries but if this is to happen voters

in the wealthier countries must have confidence in the process. Good governance principles are a vital component of a renewed drive to raise and make more effective official development assistance. Foreign direct investment in developing countries is important but it cannot replace international support to the role of governments in building up the infrastructure of social cohesion in the market

The Copenhagen Summit and the mandate it gave to the ILO are important signs that governments are aware that market liberalisation does not produce social cohesion And furthermore that in a global market, governments and the international institutions need to increase their cooperation on social policy, and review the way international trade and financial policies impact on society We do not want to stop international economic integration but rather seek to ensure that the instruments of social policy are modernised and internationalised to meet the challenge.

CONCLUSIONS

To conclude, the workplace, around which trade unions seek to organise, is where people's values meet the market. The employment contract is not just an exchange of work for pay but a human relationship which should incorporate basic principles of respect and dignity A focus on workplace values is highly relevant to making globalisation work by giving it a human face.

The world is going through a period of crisis and enormous change. It is also a period in which some of the basic elements of the "architecture" of the new global market are being re-thought. We have the opportunity to establish a strong platform for future prosperity Consensus over the relationship between basic trade union rights or the ILO's core labour standards, above all regarding freedom of association, and the liberalisation of trade and capital markets is the key because it will give governments, employers and trade unions the tools to build new institutions to manage labour market change in ways that reflect the need for balance between security and flexibility at the workplace, in society and globally. ■

The human voice can never reach the distance that is covered by the still voice of concience

M K GANDHI 1922

Dialogue With Nandi

The resilience of ancient civilisations such as that of India's has fascinated many Western observers. In the face of Western decline will the third millennium belong to Eastern cultures? What is the source of India's steadfastness despite economic and social pressures? Can Nandi prov[illegible] an answer?

HENRYK SKOLIMOWSKI

BEING PUZZLED BY INDIA

India is a fabulous country. And a continually surprising one. Whil[illegible] economies of all countries around it have been crashing, India h[illegible] steadfast. What business did it have to stand aloof from the p[illegible] turmoil? What insolence indeed, while her neighbours, considered [illegible] "better managed", have crashed one after another. Curiously enou[illegible] learned gurus of the economic gospel of the West, have kept silent o[illegible] in recent months. Somehow they did not have anything to say esp[illegible] why it survived so well.

I have always felt that there is more to India than meets the [illegible] eye. I have been an eager scholar of past civilisations and [illegible] strange [illegible] – of future civilisations. I anticipate with a great eagerness the arrival [illegible] Third Millennium. I believe it will be much better than the one we [illegible] the process of ending. I am convinced that the turn for the better will [illegible] come from the treasury of Western wisdom. It will come from the [illegible] India will play a major part in shaping the Third Millennium.

In the course of this essay I will explain some of the circumstances that have led me to this opinion. But first, let me share with the reader some of my background. I was born in Poland and spent the first thirty years there, living through the World War II and the Marxist debacle (until the early sixties). The next thirty years I spent in the West: five years in Britain (mainly at Oxford) and twenty-seven years in the USA, mainly teaching at the University of Michigan at Ann Arbor. I am a western man. Yet, the fact of my being born and brought up in Poland in rather difficult times, made my perceptions and thinking different from the standard western man.

While in the USA, I observed and experienced the so called melting pot, the wonderful cauldron in which all nationalities were supposed to melt into unified honest-to-goodness Americans. In the early 1960s, Asians were still at the bottom of this melting pot, treated with some disdain as a slightly inferior race. The situation started to change dramatically in the 1980s when it was discovered that the top five per cent of graduating students of the best American universities, such as Harvard, Yale, Berkeley, Stanford, and others, were mainly Asian students. This caused consternation, amidst almost inaudible murmurs of, "How can these coolies do so well"? The trend has continued. In around 2020 many of these outstanding students of Asian background will be national leaders. Will they continue the same line of "business as usual" — favouring mainly big business at the expense of the people? Or will they per chance embark on new visions and perspectives, rooted in their Asian values and their background cultures? I have got my answer to this question.

In 1994 I visited a friend in Southern California, whose wife is a piano teacher. Well, not just a piano teacher but an outstanding piano teacher. Year after year her students have been invariably winning important piano

In the early 1960s, Asians were still at the bottom of this melting pot, treated with some disdain as a slightly inferior race. The situation started to change dramatically in the 1980s when it was discovered that the top five per cent of graduating students of the best American universities, such as Harvard, Yale, Berkeley, Stanford, and others, were mainly Asian.

competitions – to the disbelief and envy of other teachers. I visited her studio in Pasadena. She had about 25 students in her classes at the time, the overwhelming percentage of which were Asian. It is precisely these Asian students who have been winning the competitions.

What is the secret? I asked. There is no secret, was the response. They are very talented people who work very hard. They revel in being at the top. They love submerging themselves in culture, especially high culture. What about American students from the mainstream? I continued asking. Are they not talented? They are talented, she responded. Otherwise they would not have been here. But they have a different attitude to practice and art. They do not take culture so seriously. Somehow the dominant American culture makes them excel in other things rather than high culture.

I thought it was a bit odd. These Asian students coming from poor immigrant families could excel in Western music, which they did not have in their bones and in their cultural roots, while white Americans coming from well-to-do homes, in which they floated in Western culture (even if it was a bit superficial) were unable to do so. The achievement of these Asian kids puzzled me, particularly as they were not only musically gifted but many of them so bright that they went to top US universities on special scholarships for brilliant students.

What was it in the Asian values that enabled them to do so? What was it in the Asian spirit that motivated them to do so? Why are so many Indians (with degrees from Indian universities) in the Silicon Valley in California excelling in the very Western games of computer programming? The obvious answers were quite unsatisfactory. I kept searching, hoping that there were deeper answers to these questions somewhere.

I also remember a moment of astonishment, when in India in 19[illegible] I learnt that the graduating students from the Indian Institute of Technology, Madras were largely hired by foreign countries upon graduation, and employed abroad. It is generally known that the Indian Institutes of Technology (IIT), of which Madras IIT is one, are the best and most prestigious universities in India, and admit only the very best Indian students. Education is heavily subsidised by the state.

After I learnt that the graduates got their jobs abroad, mainly in the West, I thought to myself: 'What a success!' But immediately another idea struck my mind: 'What a phenomenal waste!' How can a country as poor

is India afford to educate their best for almost free, and then let them go to foreign countries without any compensation? There was something not right in this whole process. The Indians cannot be so bright, on the one hand, and so dumb at the same time. I was puzzled by this dilemma.

THE UNEXPECTED EMERGENCE OF NANDI

In the late 1990s I was in India again. In the precincts of a Shiva Temple, I saw a big standing Shiva. In front of the statue there was a bull carved in stone, in the sitting position, facing Lord Shiva. The bull in front of Lord Shiva, in all temples, is called Nandi. He is a protector of Shiva, a servant, a messenger, and a symbol of Shiva in many ways. While his master bristles with restless energy and is full of creative tension, Nandi, is passive, forever watching, and ever present.

Upon leaving the temple, I looked again at Nandi. He smiled passively, as usual. Yet, when I cast my last glance, his eyes were as if animated, as if he wanted to tell me something. I was in motion, actually passing him. When I did pass him, I thought to myself how extraordinary was his last glance. I decided to return and stood in front of him again. The same passive smile carved in stone. The stone is stone, it cannot tell you anything. As I was leaving again, I looked from a corner of my eye. Again there was something animated and revealing in his eyes. I am a tough rationalist. I do not hallucinate. I kept walking. But inside me there was this funny feeling, a realization that Nandi's glance was really revealing.

The days and weeks passed by. Occasionally the mysterious smile of Nandi would come back. What does it mean, I asked myself. Then I changed the question. Does he want to tell me something? The idea struck me as rather preposterous. Yet from time to time Nandi would appear with a hint of urgency. But I was in no great hurry. Then I changed the question again. Does my sub-consciousness want to tell me something through the glances of Nandi? We all know that statues of either gods or animals do not talk. Yet we are also aware of the power of symbols and myths which work through our sub-conscious mind. We are aware that much more is going on in our sub conscious mind than we can grasp and express. Thus my imagination and sub-consciousness were watching. I was also cognizant of Karl Popper's methodology: it does not matter where the answers come

from, as long as they are good. After you have got your answers, test t see how explanatory they are, how much more they explain beyond we have known already.

All the time, sometimes consciously, sometimes sub consciously, looking for a solution to the dilemma of Western civilisation why hi great technological prowess led a consumptive quagmire and smallness of thinking which sul our very being? Nandi's appear and disappearances were in context of this larger search A I got used to Nandi visiting me usually did so when I wa meditative spaces

Does my sub-consciousness want to tell me something through the agency of Nandi? We all know that statues of either gods or animals do not talk. Yet we are also aware of the power of symbols and myths which work through our sub-conscious mind.

After a time, in my medita or when my mind was not busy immediate concerns, I st imaginary conversations with Nandi I found it surprising, to say th that he was so forthcoming with his answers Although these answer from imaginary dialogues, they should not be dispensed with too futile imagination These answers struck me as very penetrati illuminating

Thus in my mediative state, I called on Nandi to respond to my q about India, about its curious paradoxes, also about the world at larg of my questions was why is India so stupid, well at least so impr to educate its best minds at its best universities and then let them go be employed by other nations which can well afford to train the minds? Would it not be simpler and more reasonable to keep these and sparkling minds at home and improve the common lot of Indi

It is not as simple as that, Nandi responded. We need to take a broader perspective and employ a much deeper and far-reaching ratio These young people from the IITs (let us take this as a classic exampl to America and get reasonably good jobs there. Soon enough they their families whomever they can As a matter of fact India is exp a lot of people, with good minds and good genes These exports are subsidised by India. Imagine that! A poor country like India is subsidi

these exports to rich countries These good minds and good genes are thrust in cultures which are denuded by materialism, bogged down by a very lowly conception of life. You see, Nandi would continue in a philosophical vein Western cultures are slowly withering They need to be renewed somehow. They cannot renew themselves

I would intervene with more questions are you telling me that these bright Indians who are going abroad to greener pastures are going there not only for jobs but for a larger mission? Are you proposing to save Western civilisation by injecting fresh Indian blood into its tired veins?

Nandi would ignore the sarcasm of my questions and would reply simply And why not? Except that the mission is not so much to save Western civilisation but perhaps replace it with something else

But you don't have enough people! Our strength is in numbers. We can send 100 million people abroad without being pinched in the slightest in India whereas 100 million Indians in Europe or in America, would alter the whole continent and the entire culture

But why are you sending your best, I would insist Because, he would say the world needs the best to renew itself I would press and you are doing that Sending people with good minds and good genes? What is this business about good genes?

Nandi was very patient in responding You are still not grasping the larger perspective For centuries, ruthless and barbarous armies invaded India and dismembered it, while also exploiting it to the hilt India has survived because it had spiritual strength The materialist and savage giants are still stomping all over the world But it is their twilight They are exhausted. A glimpse of a new dawn is on the horizon

The world must renew itself humanly, socially, ecologically and spiritually Otherwise, it will not survive It will not survive in the Third Millennium We are not talking about the next ten years, but about a whole millennium The old empires sent their marauding armies to suppress our people and to retard our quest for light We are doing exactly the opposite. We are sending our best not to conquer and suppress but to bring more light and good energy You have probably noticed how much energy there is in India radiant, bumptious energy of all kinds; in all kinds of places, among all kinds of people, including the poor I am not talking about the poverty stricken, but ordinary Indians who are poor by Western standards.

I was now intrigued and began to be fascinated by Nandi's story. Y[illegible] I kept inquiring. Are you implying, I said, that the Indian mission [illegible] colonisation in reverse? Instead of going to other lands to exploit [illegible] plunder, you are going there to be good Samaritans, to sacrifice yourself [illegible] some greater good? You have got it right, said Nandi.

We are sending our best not to conquer and suppress but to bring more light and good energy. You have probably noticed how much energy there is in India – radiant, bumptious energy of all kinds; in all kinds of places, among all kinds of people, including the poor. I am not talking about the poverty-stricken, but ordinary Indians who are poor by Western standards.

I interjected but is it not [illegible] much, too naive and perha[illegible] stupid to do that kind of thing [illegible] our selfish world? Besides [illegible] seem to be casting yourself in s[illegible] kind of messianic role. Isn't it [illegible] fashion and perhaps again [illegible] stupid?

Nandi was patient again [illegible] responded. You are still operat[illegible] within the same cynic[illegible] limited mind-set. This mind [illegible] one of the problems of the w[illegible] western civilisation. From [illegible] standpoint of narrow selfish[illegible] any sacrifice is nonsense. [illegible] looking deeper into the matter, we are bound to conclude that this nar[illegible] selfishness is nonsense. Just look at the entire history of humanity. [illegible] the whole evolutionary history, in broad outlines, that is. It is the [illegible] of cooperation, participation, give and take, and yes, of sacrifice. Prome[illegible] is so much cherished in Western culture because he showed how th[illegible] the sacrifice of one individual, so many benefits can be brought t[illegible] Without genuine sacrifice, there is no true progress. I will not belabou[illegible] story of the sacrifice as exemplified by Jesus. You should know the m[illegible] of this story well. It is a beautiful story which you Western people sho[illegible] remember.

In Hindu culture, Shiva is the god of creation and destruction. B[illegible] is also a guardian, the god of continuous vigilance. He cannot rest ev[illegible] one second because then, in this very second, terrible things might happ[illegible] to the people on earth whom he is protecting. We may say without mu[illegible] exaggeration that in every culture right sacrifice is appreciated.

Besides, he continued, we are not going to the West to sacrifice ourselves for merely your benefit. Our mission is to renew the world, to redress the balance, to straighten injustices. After centuries of being a whipping boy, destiny is calling us to help to create a new civilisation, a new world. Thus, we don't go to America to be exploited and discarded – as so many emigrants have been. The Indic culture is wiser than that. We go because the historic moment is right to implant the decaying culture with new seeds. Just think. How does a superior culture respond to the butchery of a crude materialist culture which thinks that it is the greatest because it has more war toys than anybody else? Obviously, we do not want to be engaged in any military conflict. Besides, this is not our way. Our way is *ahimsa*, non-violence. Violence never resolves anything. So we need to respond in a subtle way, as befits a superior culture. We send our best as a gift to humanity so that they start new enclaves of new light. These enclaves will grow. We have a lot of people to send. Ours is a rich culture. We have bright minds. We have good energy.

OUTRAGEOUS CLAIMS OF NANDI

And so Nandi continued: Reflect on this. In Western Europe, the most prosperous and so called successful countries have a negative demographic [illegible]th. They are slowly de-populating by their own will. There is no [illegible] and no life energy in these people. By the end of the 21st century [illegible] will be only 10 per cent of white people in the world. By the end [illegible] 23rd century, the white race as such, will more or less disappear. [illegible] will be pockets of white people here and there, and maybe some [illegible]ations populated with white people. We need to start preparing now [illegible] the end of the 23rd century, and for the Fourth Millennium. We, the [illegible] people, want this transition to be peaceful, not violent. We want it [illegible] a transition into light, not a bloody upheaval ending in another [illegible] into darkness. This is why we send our best – to prepare the way.

I listened to Nandi with disbelief, fascination and dismay. Could he be right, I asked myself? After a while I recovered my wits and started asking. Are you saying that because of your genes and superior energy you are going to renew the world? What you are saying is outrageous! Are you serious when you call India a superior culture? Isn't it an expression of

megalomania, of outright racism? Do you think that any intelligent per[illegible] *can accept this arrogance, megalomania, crypto-racism?*

Hm, responded Nandi You are using big words which in effect attempt to intimidate me. I have to tell you again that the picture is much larger than you are allowing for — megalomania, racism, intolerance Very charged

Are you saying that because of your genes and superior energy you are going to renew the world? What you are saying is outrageous! Are you serious when you call India a superior culture? Isn't it an expression of megalomania, of outright racism? Do you think that any intelligent person can accept this arrogance, megalomania, crypto-racism?

words. Look at the American civilisation, nay the American empire Don't you see how megalomaniac and puffed up they have been At every junction they have been telling everybody either implicitly or explicitly how great and superior they are [illegible] people especially have be[illegible] treated as third rate pulp [illegible] Americans don't even realize how contemptuous and smug [illegible] attitudes have been, particular[illegible] people of colour This is [illegible] racism

And what did this superior American civilisation bring to the world[illegible] addition to various gadgets? Violence! Violence on the screen Violen[illegible] the media Violence in the family Violence among children [illegible] teenagers are killing without reason, as if possessed by a demon of viol[illegible] And finally, globalisation as a new world order Globalism is a new [illegible] violence. It is old-fashioned imperialism carried out through economic [illegible] electronic means

We, non-violent people of various colours, want to do it differe[illegible] Because, finally all of us must do it differently. You cry that our que[illegible] form of racism. But I beseech you to understand that it is not Raci[illegible] this attitude of the mind (and of the heart) which tries to diminish [illegible] for your own sake. Racism is full of hatred and venom We, in turn, [illegible] love, compassion We are trying to ameliorate the human lot not [illegible] diminishing others but by upgrading the entire human race We do [illegible] benefit from the process. We sacrifice ourselves. This is not racism W[illegible] Jesus opposed the corrupt ways of the Pharisees and advocated love [illegible]

superior and the best way for all, this was not racism. Let us remember this example which should be dear to the Western heart.

I found myself short of breath and out of balance. I said, you are using strange analogies. Besides, do you think that America will ever allow what you are postulating to happen — even if it had a remote chance of happening? Don't you see that what you are preaching is going against the grain of history? Don't you see that dominant thinking outlines an altogether different model of the future? Don't you see that your ideas clash with democracy as it is presently envisaged?

And Nandi responded. I am not going against the grain of history. I am merely pointing out the superficiality of history pursued and promoted by the West. Will America allow developments which do not favour its present ideology? By bullying and intimidation, America will try to stop these developments. The big club is not the best instrument for creating a new world order. Violence is a poor substitute for wisdom. America is not as strong as it thinks and pretends to be. The inner fabric is weak and fractured. For this reason alone it needs the new Asian immigrants. In its sub-conscious mind it welcomes them. The USA should actually be grateful for this new blood coming from India. They are very bright and versatile as has been shown by their excellence at the top American universities and by winning all kinds of trophies in musical compositions. This Indian blood comes from a culture which is tolerant. Indian culture has shown that it can accommodate so much and tolerate so much. When the time of transition comes, from the white mind set to the non-white mind-set, the Indians will not harbour any grudges, they will seek no revenge. They will be ready for a peaceful transition.

And Nandi continued. This question of democracy would worry me if it were true that my proposals and arguments upset or undermine democracy in its true meaning. On the contrary, my schemes favour universal democracy. When new ideas about society and a new world order are proposed and when they happen to be at variance with the American dominant ideology, invariably the shouts are heard from the American camp: it is against democracy, it is against our freedom — even if this freedom signifies exploitation of others.

American democracy has worked for America. But even this proposition is open to doubt. The American democratic system has not worked for the

whole society, it has not benefited a majority of the people. It really has worked well for the top 10 per cent of American society, the stratum which controls America, its media, its ideology, and of course, its business and finance sector. Let us face it, the vested interests of 10 per cent of the people of any country, which manipulate the rest of the country and which try to manipulate the rest of the world, cannot be deemed as a paragon of democracy.

Now the population of the USA consists of 5.5 per cent of the world population. The top 10 per cent of the people who guide, manoeuvre and "adjust" the course of American democracy translates to only 0.5 per cent of the global population. A rather modest figure - don't you think? Universal democracy is a system which represents the wishes, needs and aspirations of the world population. Would we wish to consider a world model as democratic which is governed by and for the benefit of 0.5 per cent of the world population? This is not an expression but a denial of democracy. Yet this is what America tries to do.

I got overwhelmed by this global talk of Nandi. So I tried to bring him down to more tangible questions. You have mentioned that the future belongs to the Asian mind-set, I said. Yet you have studiously avoided mentioning other Asian nations. What about China?

Yes, China is important, said Nandi, very important. However to become a true leader, it will have to overcome its bad *karma* of the last 50 years. China is a proud, great and spiritually important country. The last 50 years (for all its historical necessity) represent a fall into an abyss. A kind of amnesia has occurred. The mind and especially the soul have been [illegible] and denuded. China will need to recover its soul. Then, together with [illegible] it will be a true leader of people. Incidentally, China is not fully aware how important the Dalai Lama and Tibetan Buddhism could have been for the restoration of the Chinese psyche and soul. Granting a form of autonomy to Tibet would be, at this time, an act of political wisdom. It could signify the beginning of a big wave of spiritual re-awakening in China. Even as it is, China will play an increasingly significant role in the world. By the year 2035, it will be the most significant nation in the world. But we are talking about the 23rd century and beyond. In centuries to come an altogether different mind-set and values must prevail.

I interjected, you say so Nandi. But why? What is the reason for it? You spin out your idealistic dreaming and you expect us to believe it. Do you

Nandi took quite a while before he responded. You people of excessively rational minds, you have lost the capacity for larger comprehension. Your thinking is so narrow. You think that because things have been so yesterday and today, that they will be so tomorrow and 50 years from now, and 500 years from now. It is just foolish to think so. Things were quite different 500 years ago. You forgot this too.

This idiotic pragmatic yardstick which we apply to everything - past, present and future - is lamentable. It is truly a sign of mental deficiency. You see, Western civilisation is stuck. The whole Western culture developed in the last millennium is stuck. It has nowhere to go. It has no other visions, perspectives, alternatives. It is stuck in its consumptive quagmire. Its imagination is denuded, its spiritual substance depleted.

There are much greater evolutionary forces than those which can be accommodated within the present pragmatic schemes. Evolution is at a new turning point.

But evolution must go on. And it is not going to be only the evolution of electronic chips or potato chips. There are much greater evolutionary forces than those which can be accommodated within the present pragmatic schemes. Evolution is at a new turning point. After it has experimented, during the last four centuries, with the mechanistic instrumentation of the cosmos and of human life, it is now searching for new ways. It wants to go forward and upward. Evolution is not a trivial thing whose purpose is to [illegible] more efficient gadgets. Evolution is this tremendous magnificent force which helps to unfold what is hidden in our evolutionary potential, which helps to bring to fruition our evolution, our destiny. It is this evolution, the mighty Maker of new forms of life, the subtle sculptor chiseling within new sensitivities and new powers of becoming, which is now directing the flow of Asian energy to quietly replace the Western decaying world.

A bit shaken and dejected, I said to Nandi. "I hope you are not right." "But if you are, this spells a lot of trouble for the world, especially for the Western world and America in particular; a lot of trauma, pain, fracturing of existing structures.

I thought you were going to say, he responded, "I hope you are right Nandi." For if I am not, the Western world is in really deep trouble. You

are completely stuck. In agony. You are already in pain and suff traumatised. You are a culture without visions and perspectives A civ unworthy to continue, let alone to lead others

I interrupted What you are saying is completely crazy The We very powerful and it has the best minds

It would seem so on the surface, he responded, but it is not West is not powerful. Look at these disempowered people all aroun at the economic chaos created by the West. Furthermore, the West d have the best minds. If it did, it would not have found itself in a intractable problems. Yes, your minds are efficient, purposeful, manip But these are the blind minds They do not see any larger picture I spiritually dead.

I protested Still, what you are saying is crazy or at least unac from the Western point of view

This may be so, he agreed I have come here to deliver the We its curse, not to listen to your sobbing arguments that you are still s

There is so much arrogance in your attitude I retorted

Listen, it is not so, he said I have come here to redress the bal don't talk to people who cannot understand I just do my thing means to bring a thorough renewal to the human race If you ha complaints, talk to my master, Shiva

Shiva? Where is he?

He is in your heart. He is in the cosmic mind

Here we go again. The cosmic mind and the truth of the hea is what we call irrational

Look, what have you accomplished with your rationality? I earth. Without the cosmic mind and the truth of the heart, you can anywhere; not in the evolutionary sense. This I know This my mas taught me well.

And he disappeared, refusing to talk any further. I shouted at him he was disappearing: "How do we join your Millennium of Lig Meaning if we don't want to be left out?"

He whispered from a distance hardly audible. 'The human cond capable of extraordinary new departures if there is the will, wisdo vision to guide us.' ■

GLOBAL REALIGNMENT IN THE NEW MILLENNIUM: THREE POSSIBLE SCENARIOS

Now that the cold war has come to an end, which geopolitical configuration will the international system adopt in the new millennium — unipolar, regionalised or multipolar?

ISMAIL SHARIFF

The end of the cold war has prompted a torrent of speculation [illegible] the institutional framework for the new millennium. [illegible] Fukuyama, a policy planning official in the US State Depar[illegible] noted in 1989 it was time to witness "the end of mankind's ideo[illegible] evolution and the universalisation of western liberal democracy [illegible] form of human development." Fukuyama's explicit proclamation [illegible] be contradicted by the continuing flood of world events: the [illegible] Square massacre, the Gulf War, ethnic cleansing in Bosnia and C[illegible] finally, the on-going tension in the Middle East. In this context [illegible] has been made below, to throw light on the past and the pre[illegible] predicator of the future in the new millennium.

REVISITING THE PAST

Adam Smith, the father of classical economics, was a product [illegible] Newtonian Age. Just as Isaac Newton formulated the Natural Law[illegible]

Gravity and Motion to explain the behaviour of planets in the solar system, Smith employed the laws of supply and demand to explain the operation of the economic system. To Smith, the market economic system was a permanent part of the natural world. He spoke of a system of natural liberty that was governed by a system of natural prices. Mercantilist restrictions could interfere with the natural progress of opulence, but they could not fundamentally change or replace the underlying laws of the system.

The Smithian view of the world and its future was quickly challenged. Hegel, the German philosopher, and Darwin, the British naturalist, introduced dialectical and evolutionary modes of thought that undermined all static conceptions of [illegible] and social organisation. The French and American revolutions demonstrated the feasibility of revolutionary action and led to demands for political, economic and social equality. By 1846, Karl Marx and Frederic Engels believed that the conditions already existed for a communist revolution that would quickly spread around the world and "abolish the present state of things" (Karl Marx and Frederic Engels, "The German Ideology", in the *Marx Engels Reader*, Oxford University Press, 1978, p 168). Writing two years later, John Stuart Mills was more uncertain: "We are too ignorant either of what individual agency in its best form or socialism in its best form can accomplish, to be qualified to decide which of the two will be the ultimate form of human society" (John Stuart Mills, *Principle of Political Economy*, London: Penguin Books, 1970, Books 4 and 5, p 350).

When Lenin established his market-oriented, new economic policy in the early 1920s, many believed that the Socialist experiment was over. From that point forward, every Soviet programme of reform was greeted by many Westerners as a return to capitalism.

The possibility of a socialist revolution was finally demonstrated in 1917, when the Bolsheviks seized power in Russia. From the beginning, observers in the West found it difficult to believe that the system would last. When Lenin established his market oriented, new economic policy in the early 1920s, many believed that the Socialist experiment was over. From that point forward, every Soviet programme of reform was greeted by many Westerners as a return to capitalism.

During the Great Depression, the old conceptions of capitalism [illegible] socialism seemed to lose their meaning. In the Soviet Union, Stalin's [illegible] repression of the workers made a mockery of socialist ideals. In the United States, the New Deal policies seemed to modify the nature of the [illegible] system. A path-breaking study by Berle and Means revealed that [illegible] capitalist forms were no longer controlled by capitalists (AA Berle [illegible] Gardner C Means, *The Modern Corporation and Private Property*, New York, Commerce Clearing House, 1932, p 79). An elite corps of professional managers had taken charge, they said, because ownership of the [illegible] corporations was now divided among thousands of powerless stockholders.

In 1941, James Burnham detected a common thread in the [illegible] of Russia, America, and Nazi Germany; he argued that all the [illegible] countries were shifting away from capitalism and socialism towards [illegible] ground that he called the 'Managerial Society'. In this new society [illegible] the means of production would be owned by the state, enabling [illegible] government to eliminate the mass unemployment of the capitalist [illegible] but no progress would be made towards a Socialist classless society [illegible] managerial and technocratic elite would "gain preference in the distribution of products, not directly, through property rights vested in them as individuals but indirectly, through their control of the state" (ibid, p 72). [illegible] already "advanced furthest along the managerial road" but all [illegible] industrial societies were on the way. Burnham's gloomy view of [illegible] was shared by Fredric Hayek in his 1994 book, *The Road to Serfdom* [illegible] University Press, 1944, p 39).

In the year that Burnham's work appeared, a far more significant [illegible] captured the attention of the world and temporarily changed [illegible] image. The German invasion of Russia broke the bond of totalitarian[illegible] formed between Hitler and Stalin in 1939, and the Soviet Union [illegible] an alliance against Hitler with the western democratic forces. In 1942 [illegible] Wilkie, the Republican candidate in the 1940 presidential race, spent [illegible] days in the Soviet Union during a round-the-world ambassadorial [illegible] President Roosevelt. Upon his return, Wilkie published his best [illegible] book, *One World*, which contained a plea for post-war cooperation [illegible] nations:

'Now, we do not need to fear Russia. We need to learn to work [illegible] her against our common enemy Hitler. We need to learn to work with [illegible]'

.. the world after the war. For Russia is a dynamic country, a vital new society, a force that cannot be bypassed in any future world.' (Wendell J Wilkie, *One World*, New York Simon and Schuster, 1943, p 87).

Captured by that same wartime spirit of cooperation, a Russian-born Harvard sociologist, Pitirim Sorokin, argued that Russia and the United States "exhibit an essential similarity in a number of important psychological, cultural, and social values" (Pitirim Sorokin, *Russia and the United States*, Oxford University Press, 1942, p 9). Both countries, he noted, are continental in scope, cultural and racial melting pots, and have similar structures.

Because of their environmental similarities Sorokin predicted a "mutual convergence" of the economic and social structures of both countries. As cultural interchange expanded between Russia and the United States, each country would be influenced by the strength of the other system.

Without even diplomatic pressure the United States will strongly influence the Soviet regime in the direction of terminating its dictational violation of elementary rights of Russian citizens. On the other hand, Russia will continue to fructify the culture — particularly by the fine arts — of the United States and it may facilitate a decrease of the commercial hypocrisy, ...ishness and exploitation inherent to a certain extent, in any appropriate ... on a large scale (ibid p 7 ...).

Such convergence, Sorokin believed could provide a basis for international cooperation. He called on the American and Soviet leaders to create a framework for lasting peace by establishing a "real, efficient, and powerful international authority empowered with the right of decision in all international conflicts between all states" (ibid p129). One year later, his ... were partially fulfilled when the United States, the Soviet Union, and ... other countries signed the United Nations Charter.

In addition, after World War II, several circumstances seemed to support the contention that capitalist and socialist countries were converging towards a middle ground. England and several other capitalist countries initiated large scale nationalisations of industry, and countries such as France and Japan established systems of indicative planning. In West Germany, the new system of codetermination placed labour representatives on corporate boards of directors. The Yugoslavs broke from the socialist mainstream in 1950 to establish their system of worker's self-management and gradually replaced central planning with market exchange.

In 1956, three years after Stalin's death, Nikita Khrushchev deli two historic speeches to the Twentieth Party Congress. The first spe delivered publicly, proclaimed that Lenin's doctrine of the inevitabili war between capitalist and socialist countries was rendered obsolete by danger of nuclear extinction. He announced a policy of peaceful coexiste

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—a shift from military confront to economic and polit competition. Furthermore attempted to draw Yugoslavia into the fold by recognizing legitimacy of different roads socialism. In his second spe delivered to a secret session o party congress, Khrushc denounced the crimes of St (*Pravda*, September 9 ; reprinted in *Current D* *Soviet Press*, October 5 19 13-15)

In the West, the Kennedy administration opened the 1960s wit emphasis on governmental activism and civil rights. In Great Brita conservative government established the National Economic Develo Council (NEDC) in 1962, influenced by the French record of rapid eco growth under indicative planning. Even in West Germany, a bastion Keynesianism, a Council of Economic Experts (CEE) was estab 1963 to strengthen national planning.

As the eastern nations dabbled with markets and democracy western nations enlarged the roles of their governments, the conve theory gained broad acceptance in academic circles. Jan Tinbergen would later share the Nobel Prize in economics, published his *The Optimum Regime* in 1959, suggesting the existence of a superior somewhere between the poles of atomistic capitalism and centrally pl socialism. According to the usual formulation, this system would allow market to prevent imbalances in the short run, and it would employ ec planning to coordinate long-term decisions. In 1961, Tinbergen argued systemic changes "are in fact bringing the Communist and free econom

closer together", although he was quite aware that "there are very large differences still " (Jan Tinbergen, Do Communist and Free Economies Show Converging Patterns? *Soviet Studies*, (April 12, 1961, pp 333-341).

The convergence theory reached a popular audience in 1967, when John Kenneth Galbraith published his international bestseller, *The New Industrial State* According to Galbraith, the international dissemination of mass production technologies, employed with enormous investments of time and money, required all countries to engage in the planning of production, distribution and pricing To perform these tasks, it was necessary for a Burnham style technocracy of industrial managers to gain authority in all industrial countries Thus, technology was driving a convergent pattern of planning and management throughout the world True, the planners in some countries were employed by private corporations and in other countries they were employed by the state "but these obviously are differences in methods rather than purpose"

The convergence theory also drew attention for the Soviet side in the 60s but primarily in the form of condemnation According to the official Russian position the capitalist countries were destined to experience socialist revolutions, not gradual transition to mixed economies As Khrushchev told group of diplomats who visited the Kremlin in 1956, socialism would not merge with capitalism, but it would eventually and inevitably witness the emergence of capitalism

However, few voices in the Soviet Union drew inspiration from the idea of convergence Andrei Sakharov the dissident physicist who later received the Nobel Peace Prize, proposed a plan in 1968 for economic and social convergence and disarmament Thirteen years later, living in internal exile Sakharov summarized his position as follows

My ideal is an open, pluralistic society with an unconditional observance of the fundamental civil and political rights of man, a society with a mixed economy which would make for scientifically regulated, comprehensive progress I have voiced the assumption that such a society ought to come about as a result of a peaceful convergence of the socialist and capitalist systems This is the main condition for saving the world from thermonuclear catastrophe (Andrei Sakharov, *Progress, Coexistence and Intellectual Freedom*, New York. W.W. Norton 1968, p 49)

Between the late 1960s and the late 1970s, the international trend seemed to turn from convergence to divergence. In 1968, although the Hungarians were able to introduce their new economic mechanism, Soviet troops crushed a more significant revolution in Czechoslovakia. In the United States, 1968 was the year when Republicans regained the White House and liberalism lost two of its most important spokesmen, Martin Luther King Jr. and Robert Kennedy. In the Soviet Union some of the 1965 economic reforms were rolled back in [illegible]. When international oil prices [illegible] upward in 1973, even the Hungarians were forced to [illegible] back their reforms.

A new era of revolutionary reform began in the East in the late 1970s, and persisted through the 1980s, overpowering the forces of ideology, bureaucracy, martial law in Poland, and an attempted coup d'état in the Soviet Union. The outlines of this revolution also engulfed China and Poland.

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In the United States any hint of middle ground convergence was dispelled in 1980 by the inauguration of the Reagan administration, and in Britain Margaret Thatcher initiated a privatization campaign that would [illegible] spread around the western world. The socialist government of [illegible] Mitterrand entered office in France in 1981, but its leftist programme was short-lived.

The degenerative rule of Leonid Brezhnev finally ended with his death in 1982, and Mikhail Gorbachev gained power in the Soviet Union [illegible] years later, after progressively more radical political and economic reforms, communist governments were overthrown throughout Eastern Europe between 1989 and 1991, and the Soviet Union was dismembered. In retrospect, Khrushchev was correct in his 1956 prediction that a [illegible] system would be buried, but he identified the wrong victim.

TOWARDS THE NEW MILLENNIUM

In the 1990s, too many forces for change are at work in the international system to allow anyone realistically to believe that the current global status quo will be preserved in the new millennium Despite the proliferation of communication and information technologies that allow us to know more and more about the world we currently live in, the shape of the world in the new millennium is increasingly unknown and unknowable at this juncture.

Nevertheless, looking at the present trend we can say that a number of [illegible] and distinct challenges will confront the human race in the new millennium These challenges range across a wide spectrum of issues: population growth, food production, nuclear and conventional arms race, the environment, drugs, health, equitable distribution of wealth, trade and exchange minerals and energy scarcity, economic development and developmental and these are just a few to keep our plate full Failure to [illegible] action to face these challenges could seriously degrade the quality of [illegible] in the new millennium Efforts to come to grips with these challenges must be cultivated now, or in the near future, and they must be undertaken on a widespread and even on a global basis

It is true the twentieth century has been a century of immense change [illegible] international community As the century opened, a few states and [illegible] empires dominated the international landscape Today, 187 states exist [illegible] overseas empires are gone Furthermore, many other types of actors [illegible] like the Inter governmental Organizations (IGOs), Multinational Corporations (MNCs), and the Non-governmental Organizations (NGOs), [illegible] all predictions their role will exert a great deal of pressure that may [illegible] the environment and political climate in the new millennium. No [illegible] economic and military issues remain with the edge flowing to the [illegible] economic issues throughout the new millennium In the economic realm, [illegible] questions of dependence and interdependence, distribution, depletion and development, demand specific answers For, at the threshold of the new millennium the world is experiencing another period of systematic change The East West conflict is over Economic issues have gained new prominence [illegible] additional centres of economic power have developed and gained strength. New global issues are emerging to join old transnational concerns.

As a result, a new set of questions will dominate whatever internation[illegible] system emerges in the new millennium. The core question revolves aro[illegible] the question of economic interdependence as to whether increased econo[illegible] interdependence will accelerate a trend towards a new world order (NW[illegible] based on the principle of equalizing national interest to international inte[illegible] or will it precipitate a move towards increased protectionism? Will afford[illegible] energy and materials alternatives be found or will energy and mat[illegible] availability decrease, thereby heightening the chances of resource wars? W[illegible] scientific and technical breakthroughs enable the developing world accelerate its pace of development and reduce the North South gap? W[illegible] the industrialized world reap most of the advantages of the futu[illegible] precipitating the existing status quo between the North and South, the[illegible] widening the gap further? And even more critical, is the question [illegible] whether humankind survives, given existing stockpiles of nuclear wea[illegible] and the virtual existability of nuclear proliferation?

SEEKING ANSWERS

Answers to these questions are at best speculation, even so given understanding of the past and the present international system [illegible] forces that shaped and are shaping it, speculation may prove useful in pre[illegible] us for a change. As Paul Kennedy has reiterated, 'despite the si[illegible] complexity of the global challenges facing us, it is too simple and [illegible] to conclude gloomily that nothing can be done Even Malthus w[illegible] enough to end his essay on population by suggesting that despite the [illegible] demographic trend, the astounding technical advance of his day co[illegible] positive influence upon the moral and political dimensions of society [illegible] Kennedy, *Preparing for the Twenty-First Century*, New York R[illegible] House, 1993, p 348)

It is true many earlier attempts to peer into the future concluded [illegible] in a tone of unrestrained optimism, in gloomy foreboding, or (as in [illegible] case) in appeals for spiritual renewal. Perhaps as this century draws to [illegible] it is rather appropriate to begin the new millennium on a positive not[illegible] though the geo-political economic system that emerged after World W[illegible] had completely collapsed and, for the time being at least, seems to have be[illegible] replaced with democratic capitalism. The Soviet Union, one of the wor[illegible]

two dominant super-powers in a bi-polar power equation from 1945-1991 is no more, torn apart by internal political, economic, social and ethnic problems. The United States, the other super-power, remains unified and militarily strong, but is facing difficulties in its search for a defining identity to lead the world into the new millennium. Western European states are inching slowly and uncertainly toward economic and perhaps political unity, but Eastern European states continue to struggle economically and in some cases politically as they attempt to dismantle the legacy of communism. Japan has emerged as a powerful international economic force but is buffeted by its own internal banking and economic difficulties. Meanwhile, the world's most populous country, China, has achieved rapid economic growth throughout the 1980s and 1990s, but it too is beset by questions of leadership succession and international respectability which it lost in 1989 when its army tried to quell the thirst for democracy by force. Now on its own China is not only [illegible] but also surely inching towards both democracy and capitalism. In the Middle East, despite a breakthrough agreement between Israel and the Palestine Liberation Organisation (PLO), long-term stability and permanent peace remains elusive. In South Africa, apartheid has been dismantled and black majority government has come to power. In Latin America, democratic governments are struggling to solve the challenges that confront them. Overall much of the third world remains mired in economic stagnation or decline, giving the people there little to look forward to other than continued poverty, hunger, and ill-health.

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Given this status quo of the world politico-economic situation as it enters the new millennium, The United States as the only super power has a greater role to play in the new millennium than ever before; it is true that

the United States, which had risen to the task of rebuilding the glo[illegible] economy after World War II, is once again at a point in history wh[illegible] must exert leadership, as it did then, to develop a comprehensive str[illegible] for addressing the myriad issues before the international economy. The [illegible] difference is that this time the United States can act with the help of a gr[illegible] of nations that were less able to play a major role in the 1940s in sha[illegible] the responsibility for providing ideas, a sense of direction, and resour[illegible] necessary to meet the challenges ahead.

It is true that the world has made remarkable economic progress si[illegible] the devastation of World War II and rightfully the credit should go to [illegible] United States, for the critical role it played in this success. (The Mar[illegible] Plan and the NATO Alliance are two outstanding examples that [illegible] the role of the United States in this regard.) Most of the goals set [illegible] United States for achieving a stronger and more prosperous demo[illegible] world over the last 50 years have been met beyond expectations. Ma[illegible] economies have demonstrated their superiority to totalitarian econo[illegible] and world trade and investment have expanded dramatically.

The obvious question remaining before the United States is to [illegible] what goals and policy instruments need to be employed to address the [illegible] economic problems and other important tasks ahead. Also, before [illegible] strategy is adopted, it is equally important to realize that the econom[illegible] political relationships among nations and the underlying characteristic[illegible] global economy today differ greatly from those of the 1940's, when [illegible] international institutions like the United Nations, the World Bank [illegible] International Monetary Fund (IMF) were created. And by the end [illegible] century they will be far different still. Today the freedom of capit[illegible] exerts powerful constraints on national management. Burgeoning popu[illegible] in the developing world exert massive pressure for migration, govern[illegible] increasingly seek to manage flows of trade and direct investment, the [illegible] of economic nationalism have become stronger as globalization of the [illegible] economy renders workers and industries more vulnerable to interna[illegible] forces; nations artificially create competitive advantages to the detrim[illegible] of others; trade and current account imbalances reflect large dom[illegible] imbalances in the United States and its trading partners; populatio[illegible] come to realize how vulnerable they are to one another's lack [illegible] environmental responsibilities; remarkable changes in the previously [illegible]

To build on the success of the United States leadership since World War II, the principal strategic goal of the United States in the new millennium should be to focus relentlessly on creating an international economic framework based on cooperative global management. In other words, looked at from any perspective, the fact remains that international interdependence is going to be the guiding principle that binds the destiny of the world in the new millennium. Interdependence in the context of the new millennium can be defined not as continuing dependence (as it was until recently) either on the Soviet Union or on the United States, but as a third web of transactions, flows and interactions in the realm of trade, resources and investment, encompassing both the developed and the developing countries. A web in which virtually all countries are going to be increasingly enmeshed for the future in the new millennium.

Interdependence in the context of the new millennium can be defined not as continuing dependence (as it was until recently) either on the Soviet Union or on the United States, but as a third web of transactions, flows and interactions in the realm of trade, resources, and investment, encompassing both the developed and the developing countries.

From the framework of geopolitics at least three different models of the next international system have been put forward by analysts, policy makers, journalists, politicians, and other observers of contemporary international affairs. These three models are (i) a Unipolar World based on US military and economic might, (ii) a regionalised world organised around the economic founding blocs, and (iii) a multipolar world based on new criteria of national and international capabilities.

(i) The unipolar world is an outcome of the post-World War II bipolar international system, under which military strength was the prime measure of national power. Now with the collapse of the Soviet Union some analysts concluded that a unipolar world of developed countries dominated by the US had emerged surrounded by developing countries in different stages of development.

(ii) A regionalised world This second model of the new geopolitical system for the 21st century was based on the assumption that the collapse of the Soviet Union and the subsequent end of the cold war had relegated military capabilities to a less important place in international affairs superseded by economic interdependence Therefore many people believe that the new international system will be based on regional blocs, ie, on economic interdependencies between Europe, the US, and China, Japan and East Asia

(iii) A multipolar world. the third model in the sequence of order would be an extremely diffused world order In this order presumably the United States, the European Union, Japan, Russia and China will play major roles on an equitable basis with each other and the remaining European communities Its proponents believe it to be the most accurate representation of what the emerging international system will be like.

Irrespective of the kind of geopolitics, (viz, the Unipolar World, the egionalised World and the Multipolar World) that may dominate the new llennium, the world community, however, must begin to realize and act the fact that a more equitable international economic order must supersede model of geopolitical configuration based on trade and mutual erdependence This kind of mutual economic interdependence is not ly possible but also essential for the world to succeed in the new llennium Such a new order should be based on the fundamental principle at each nation's and each individual's development is intimately bound to development of every other nation and every other individual in a [illegible] sense In a way, the future of mankind is going to be linked more ely in the new millennium than ever before Let us hope, therefore, that [illegible] and good sense prevail so that the first, second, third and now the urth world can truly become a part of one world in the coming millennium ged together by a common destiny and guided by the human principle of [illegible] brotherhood, and above all, mutual respect in interdependence ■

LATIN AMERICA

IN THE MIDST OF TRANSFORMATION

Latin American nations have begun to adapt their hitherto closed economies to the global market, but deeper economic and political changes will be necessary if the flow of international capital is to increase

MARCELO HORACIO SILVANO

Globalisation affects our planet as most countries through[illegible] world are entering into an ongoing economic integration; Latin America is, therefore, not an exception to this trend [illegible] the path traced by developed countries, Latin America has also [illegible] long road to its economic transformation. Many things have bee[illegible] both, the political and economic context, but it is necessary for Latin [illegible] to undertake deeper changes to attain their goal.

The transformation, which has taken place over the last te[illegible] many fields, has moved the world towards a continuous accep[illegible] democratic institutions as well as market-based economies. This [illegible] more noticeable in a large number of developing countries. For [illegible] understanding of both the current and prospective situation in Latin A[illegible] and for a better assessment of how this region is beginning to imp[illegible] such changes, it is important to highlight some of the basic aspects [illegible] region.

GLOBALISATION AND INTEGRATION TWO IRREVERSIBLE TRENDS

If the twentieth century is remembered by future generations, it will be because of its achievements regarding freedom, technology, globalisation, and economic integration

The endless struggle for freedom has been part of mankind's history. Myriad wars have erupted because of some form of oppression – civil, political, religious, or economic – and millions have lost their lives on behalf of liberty

In this regard, we can assert without hesitation, that only in this century have steps been taken to assure freedom for the benefit of people at large, specially concerning human rights, and political and civil freedom.

The rights of citizens on matters such as (i) free speech, (ii) equality, (iii) adult franchise, (iv) access to due process of law before a competent court, and (v) education, are among the rights recognised by the constitutions of Western countries as well as some Eastern ones Besides, it is necessary to continue the ongoing battle against any sort of discrimination, by sex, race, or religion, and so on, highlighted in the Universal Declaration of Human Rights proclaimed in 1948 by the United Nations

Naturally in some nations it is possible to perceive that these achievements are virtually a dead letter, at least at present However, notwithstanding this fact it cannot be denied that throughout the century there has been considerable action for the enforcement of human rights, specially through the restoration of democracy in emerging or third world countries

Technology has dramatically changed our lives Advancement in many branches of science, like medicine, genetics, energy, communications, transportation, medicine and health care, have had far-reaching effects on our day to day life We are now accustomed to enjoying the benefits of progress at the amazing pace at which it takes place So we usually take these benefits for granted We are living with everyday changes that are quickly superseded by more and new scientific inventions or discoveries.

Sometimes, society seems to be oblivious of the fact that the benefits of development have not yet reached many places on earth, where people live without any possibility of being able to afford the most basic needs. Since there is some degree of responsibility by the ruling classes of developing nations, who sometimes act with the sole purpose of holding on to their

supremacy through technological advancements, it would be unfair [illegible] the blame for such a situation on developed countries alone

There is no doubt that the main challenge of the next millennium [illegible] poverty, and its major manifestations, like hunger, birth, mortality, [illegible] disease, lack of housing and education, etc

DRIFT TOWARDS GLOBALISATION

Without leaving his desk, an employee of a company in Buenos A[illegible] places a purchase order in Singapore to import electronic [illegible] and sends money by wire transfer to a bank in New York for the p[illegible] of such goods Orders to buy or to sell, transmitted electronically [illegible] corner of the planet to another, enable millions of shares or bonds to [illegible] hands in seconds Millions of people could watch in no time the Pathf[illegible] landing on the surface of Mars through the Internet Financial crises [illegible] Asian economies impact on markets around the world almost imme[illegible] News originating in one part of the world is simultaneously broadc[illegible] rest of the world by television networks For better or worse [illegible] globalisation

Becoming global is a natural consequence of all the techn[illegible] achievements in communication in the last fifteen years [illegible] telecommunications We are not talking figuratively when we [illegible] Internet and electronic mail have actually shrunk the world [illegible] degree made geographical distances and political boundaries [illegible] important than in the past Technology has swept away physical [illegible] Any political, military, or economic event gets to be known [illegible] hundreds of millions of human beings in a few seconds with an [illegible] impact on them without any previous warning

For a full understanding of the phenomenon of globalisation it is [illegible] to bear in mind that the globalisation process has been imposed [illegible] direct consequence of this development rather than as the out[illegible] deliberate actions taken by governments anywhere Going global [illegible] way road; not only is there no return from the world as we used to [illegible] it before, but it is also symptomatic of the shape of things to co[illegible]

Globalisation, an outcome of twentieth century technology, cannot [illegible] ignored, without running the risk of missing the train of history It appl[illegible]

o improve human welfare, globalisation places in our hands valuable means reducing hardships in many regions of the world.

The worst possible mistake would be to use globalisation merely as a gimmick for the benefit of a few and to the detriment of millions. Developed and developing countries have a duty work together to make globalisation, not a synonym for economic disadvantage, marginalisation, unemployment, income inequality, de-industrialisation, and environment degradation in developing nations the means to tackle these problems.

Financial crises affecting Asian economies impact markets around the world almost immediately. News originating in one part of the world is simultaneously broadcast to the rest of the world by television networks. For better or worse, this is globalisation.

The environment is a very important aspect of globalisation. According to the OECD Policy Brief published in 1997, globalisation can promote a more efficient and environmentally damaging pattern of economic development by shifting economic production from raw material based manufacturing to knowledge and service industries. Improvements can also be effected through the development and diffusion of cleaner technologies, by alleviating poverty associated environmental effects in developing countries, and by generating additional wealth to finance environmental improvement.

ECONOMIC INTEGRATION

"To integrate" means to join something else and form a "whole". From that definition we can say that, unlike globalisation, economic integration result of political activity deployed by nations with the clear purpose of forming regional groups, in order to produce more and enlarge markets for own domestic products and services. Integration is a positive act of political will. It is a political initiative carried out by governments against isolation, and in favour of co-operation among countries. In this regard, it interesting to remember what Guy Sorman, a French writer, says on national boundaries: political frontiers, he argues, are, at the same time

,closed and open, splitting territories and allowing interchange across borders.

Economic integration should be considered as a political instrument through which it is possible to achieve sustainable economic development. It helps to obtain better living conditions, free trade increase employment, social progress and welfare

At first glance, it would seem that globalisation and economic integration enclose an internal contradiction, the one is planetary while the other regional. To prevent this apparent contradiction from becoming real integration processes should be, to some extent, open to third countries are not original founders of the group

AN OVERVIEW OF LATIN AMERICA

WHAT HAS BEEN DONE SO FAR AND WHAT IS STILL LEFT TO DO

First of all, it is not the purpose of this section to analyse in depth in detail every aspect of the Latin American situation On the the aim is to depict from a general point of view how the region is by global changes in recent years, and what it should do to advantage from those changes for its own benefit

Following a worldwide trend, Latin America has begun to dictatorship and populism to democracy and market based economy

Latin American countries have some common features Though at stages of development, all of them can be considered as developing which have returned to democracy in recent years In this regard ignore the real importance of democratic government in developing for they do have a positive effect on political regimes in the international integration. Nowadays it is difficult to imagine that under military or dictatorial rule could find a place in the world because country would not be internationally accepted At least that is the The time for dictatorship in Latin America is indeed over

Democracy is a true paradigm of symmetry; it makes nations homogeneous; also it is the first step to real integration, and democracy the political situation in Latin America has become more stable Similarly, as in other parts of the world, democracy in Latin America is

synonym for political symmetry, and a prerequisite for the establishment of good-neighbourly relations which in turn is a precondition for regional integration. Hence, democracy is closely connected to economic integration and constitutes the basic ground on which the second may be healthily constructed.

Democracy is a true paradigm of symmetry; it makes nations more homogeneous; also it is the first step to real integration, and thanks to democracy the political situation in Latin America has become more stable.

Due to its return to democracy, Latin America can be ruled again under the rule of law. According to this principle, individuals as well as governments are subject to the legal system, with the Constitution at the top of the legal pyramid granting human, civil, and political rights to individuals, and protecting them against the continuous interference of governments.

The respect of the rule of law requires a transnational dimension in the integration process. Very few countries today in the world can enter into a process of economic interaction and integration with other countries if there is no commonality between their respective legal systems, and if there is no common determination to enforce the rule of law. Latin America, of course, is not an exception to this rule.

Speaking in economic terms, the situation of Latin America is different from the political one. In the economic field some asymmetries do exist among its constituent members. To back this assertion, we have chosen a few economic indicators: (i) the privatisation process has not reached the same level in all Latin American countries, (ii) the Argentinean and Brazilian Gross Domestic Product jointly considered, doubles the whole GDP of the rest of Latin American countries, (iii) industrialisation is at different stages among Latin American nations and therefore, with the exceptions of Argentina and Brazil, most of the national economies depend on imports for their manufactured goods, (iv) not all of the Latin American countries have adopted free market regimes and not all of them have reformed their own state role in the national economy.

Latin America embraced the welfare state and classical sovereignty doctrines for decades. In accordance with such theories, natural resources,

strategic industries, public transportation and telecommunication systems ... symbols of popular sovereignty, hence they had to be run by the governm... In their attempt to boost falling domestic economies and to reach ... employment by applying such doctrines, governments frequently led ... economies towards inflation, increasing foreign debt, shortage of investm... and, finally ended up in economic stagnation

Usually public-service-state-owned companies have been utilis... instruments by some governments to reduce unemployment, often ... vacant posts not only with unskilled officials or workers, but also ... political followers, thus filling these companies with an unproductive ... force Argentina was a tangible example of such misrule For many ... average delay in Argentina to get a telephone line was ten years ... thanks to privatisation, it takes only a few days

Despite their economic asymmetries and historical backgro... populism, some Latin American nations following the road ... Argentina and Chile are starting to go through the process of ... their economic systems, reorganising their government structures ... their economies and making them more competitive to survive withi... global market

Many efforts are being deployed to implement viable policies for ... economic transformation, in order to obtain foreign economic ... accurate implementation of such policies is now a *sine qua non* for ... assistance from banks and international financial institutions, whi... constantly monitoring the evolution of both national and regional ... in emerging markets, including the Latin American ones

Today we have a broader set of objectives like democracy, ... and sustainable development, as well as higher living standards Impro... in health or education are not just a means to increase production ... ends in themselves. A Gross Domestic Product (GDP) increase is ... the only element to evaluate a country's development

Nevertheless, GDP is essential to achieve other objectives, because ... require financial and non-financial resources, and the resources are ... scarce. For that reason, it is very important to analyse some econ... indicators on Latin American countries.

In 1995, Latin America had a population approximately of 540 milli... inhabitants. In economic terms it grew at about one per cent, and had ...

average GDP per capita of US$ 2,800, with Argentina (6,191) at the top of the list, and Bolivia (910) at the bottom. After the 1995 financial crisis affecting most of the region, and mainly due to the relatively high rates recorded in Argentina, the average economic growth rate went up to over three per cent.

The chart below shows figures related to Gross Domestic Product, rate of inflation, and foreign debt of most of the Latin American countries:

COUNTRY	GDP Billion $	RATE INFLATION (%)	FOREIGN DEBT Billion $
Argentina	205	3.4	89
Bolivia	6	[illegible]	5
Brazil	493	84.4	158
Chile	49	7.9	25
Colombia	61	21.0	20
Ecuador	15	22.9	14
Paraguay	7	13.4	2
Peru	50	11.1	26
Uruguay	10	42.2	5
Venezuela	68	59.9	35

[illegible] Inter American Development Bank
[illegible] 1995
[illegible] at US$ value in 1990

Notwithstanding the economic differences in Latin American nations, [illegible] their dynamic and emerging economies are undergoing a "transition [illegible] this has been of great importance in achieving their economic transformation, and in demonstrating that integrating into the global economy [illegible] powerful strategy for accelerating growth and development. Moreover, success in the struggle against endemic inflation has played a major role in the structural transformation process.

Latin America is thus in the middle of its transformation process, both in the political and economic arena, but further efforts and actions are needed to ensure better benefits for the present and future generations.

Economic changes are necessary, but they are not enough to create wealth and to eradicate poverty, corruption, and environmental degradation

from vast areas of Latin America; and many things are waiting their turn to be fulfilled in this regard. Let us look at some of them.

Poverty: According to official statistics, almost 100 million people in Latin America live in poverty, and due to rapid urbanisation of the subcontinent most of the poor now live in urban areas. Latin America [illegible] become an urbanised region.

It is therefore not acceptable that nothing be done to combat poverty and to argue that poverty is as old as the world itself, and that some amount of poor will always exist anyway. Even though that assertion is true [illegible] cannot be used as an excuse to ignore the problem because we are speaking of real human beings, not of mere data to be included in statistics.

Poverty is rampant not only because of the lack of economic [illegible] but also because of the absence of education. Without forgetting [illegible] factors, education is a basic tool for the improvement of living conditions. Global technological development, witnessed in the last decade, has [illegible] away many barriers which had hitherto prevented poor people from [illegible] an education. Part of that development reached our coast some [illegible] so it is vital and urgent to act in this field. Reducing the quantity of [illegible] people and, therefore, the level of poverty in the region is a [illegible] and a moral duty too. In this regard, Latin American governments [illegible] accelerate their efforts to successfully reach their goal.

Corruption: It cannot be denied that corruption constitutes a world [illegible] problem, but this is particularly endemic in developing countries [illegible] America is no exception. Corruption is closely linked to the [illegible] organisation of a country. For many years, Latin American countries had governments which have facilitated corruption.

Broadly speaking, many factors are the cause of corruption in [illegible] economies: mountains of regulations constraining businessmen from [illegible] and trading goods and services, rampant tendency to appoint people [illegible] public posts who are prone to use it more for their own benefit than to reach the common well-being, the absence of either strong [illegible] institutions or their inadequate enforcement, and so on.

Even though corruption is far from being eliminated, democratic [illegible] and market-based economies should contribute to increase transparency [illegible] governmental and political action as well as in economic activity, and [illegible] reduce the level of corruption as much as possible. It is utopic to believe

in a society with zero corruption, but it is perfectly reasonable to actually discourage acts of corruption by punishing the authors of such crimes by sending them to jail

Corruption undermines economic growth because it illegally takes away from the regular economic circuit a lot of money which could be allocated to generate progress and produce wealth

Environmental degradation: Latin America has suffered deforestation and land degradation as well as water and air pollution for many decades It is now well known that those aggressions against nature severely affect the eco system The actions of man exploiting natural resources and manufacturing goods has caused radical changes in the atmosphere's conditions, which in turn are the main reasons for the floods and drought affecting vast parts of the planet and consequently their economies In some big cities, air and water pollution has reached lethal levels, mainly due to industrial activity, transport services waste disposal services, with little government action to control those activities Sunset industries pouring smoke into the air is no longer a symbol of progress, but a sign of pollution

This issue indicates the underlying urge for Latin America to take effective action to protect its environment, by appropriate laws and regulations against pollution and by really enforcing them An environment free of pollution in Latin America must be our legacy to the coming generations

THE PATH TO ECONOMIC INTEGRATION

Like other developed and developing countries throughout the world, and after many years of territorial disputes and armed conflicts, most of Latin American countries have understood the importance of international cooperation and the benefits of economic integration

Economic integration generates competitiveness a conception almost unknown to closed economies Competitiveness stimulates quality, improves goods and services, slides down prices and corrects asymmetries in national economies stemming from domestic regulation as was usually the case in Latin American nations not so long ago

As a first step towards regional economic integration, in 1960 Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay signed the treaty that created the Latin America Free Trade Association (ALALC). Colombia,

Ecuador, Venezuela and Bolivia joined ALALC later. The main purpo[illegible] ALALC was the establishment of a free-trade zone, by means of per[illegible] and selective negotiations between its members Though ALAL[illegible] stimulated mutual trading among members, it did not reach the orig[illegible] objective.

ALALC was superseded by the Latin American Integration Asso[illegible] (ALADI), created in 1980 by the same ALALC members Unlike AL[illegible] ALADI promotes economic preference zones to create favourable cond[illegible] for bilateral relations at the beginning with the objective of encour[illegible] multilateral relations between its members

Recognising the need for sustainable development, broader ma[illegible] incremental exchange, swelling foreign investment, and better negoti[illegible] power, Argentina, Brazil, Paraguay and Uruguay founded the Sou[illegible] Common Market (MERCOSUR) in 1991 by signing the Asuncion [illegible]

The main objectives of MERCOSUR are

- Encouraging free trade of goods, and services between its m[illegible] countries, eliminating customs rights and lifting of non tariff re[illegible] to the transit of goods
- Fixing common external tariffs and adopting common trad[illegible] towards non-member countries
- Coordinating on macro economic and sectoral polic[illegible] foreign trade, agriculture, industry, taxes monetary system [illegible] services, customs, transportation and communications, among [illegible] with the objective to ensure free competition between its m[illegible]
- Obtaining a commitment from its members to adjust their own laws in the pertinent areas to strengthen the integration pro[illegible]

MERCOSUR is open to the other ALADI members, and [illegible] being part of it so far, Chile and Bolivia have played an active rol[illegible] organisation MERCOSUR has its own international identity, and [illegible] a real economic regional group it has also entered into agreem[illegible] international co-operation with the European Union, and carri[illegible] negotiations with other economic or political groups or non-member co[illegible] pursuing the same purpose.

MERCOSUR constitutes an economic block with a population [illegible] 208 million inhabitants, with a territory of 12 million square kilometres [illegible]

an aggregate GDP around US$ 1 trillion The following chart shows how these amounts are distributed among its members as well as other available data on them:

COUNTRY	GPD Billion	Territory Square Kilometres	Population Million	Inflation rate (%) Annual	Foreign Debt Annual Billion
ARGENTINA	319	2,780,400	34.5	0.5	100
BRAZIL	721	8,511,996	164.6	4.1	175
PARAGUAY	10	406,752	5.1	5.4	2.4
URUGUAY	18	175,016	3.2	15.7	5
MERCOSUR	1,068	11,874,164	207.9	6.4	283
CHILE	76	756,626	14.4	6.3	27.5
BOLIVIA	7	1,098,581	7.6	3.8	5.3
MERCOSUR + PARTNERS(1)	1,155	13,729,371	229.4	6.0	315.9

Source: Inter American Development Bank, Data of 1997, Bolivia + Chile.

CONCLUSIONS

Achievements in technology, particularly in information and communication fields, as well as a sudden increase in worldwide trade goods, services, and financial assets have dramatically set the basis for a new world.

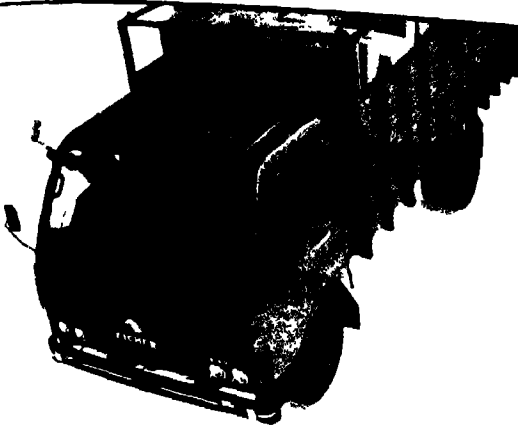
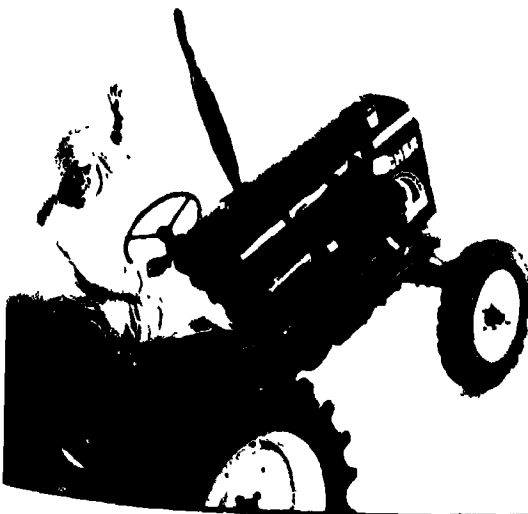
Most Latin American nations, while coming back to democracy, have begun to adapt their hitherto closed economies to the global market, but, according to the available statistics, the changes which have taken place in Latin America were not enough to reach its targeted goal of annual growth rate of five per cent. It is important to underline the fact that not only would it not have been possible for Latin America to maintain such a growth by applying the then generally accepted economic recipes, but also Latin America would not have reached its current economic growth had it not started on the path of political and economic transformation in the 1980s.

Despite the fact that the situation in the region is not as good [illegible] should be after the political and economic measures, which have [illegible] implemented in some areas, many Latin American nations are now diff[illegible] from what they were thirty or twenty years ago, but their governments [illegible] have to accomplish a number of unfulfilled goals, like eradicating po[illegible] improving education, discouraging corruption, protecting the environm[illegible] from being destroyed, improving wealth distribution, and reinfo[illegible] democratic institutions.

Making people better off is no longer a matter of distribution of [illegible] GDP by populist governments. Thanks to populism and unpredi[illegible] governments, most Latin American economies have fallen behind in the [illegible] of technological advancement, and are still suffering from the effects of [illegible] of disinvestment and stagnation. Furthermore, populism has made [illegible] genuine investment fly away from these economies.

The transformation process began some years ago, but it h[illegible] finished yet. Latin American governments must offer better conditio[illegible] domestic and foreign investors alike. To invest, investors seek clear [illegible] stable conditions, a predictable government, a transparent decision-mak[illegible] process, reliable judiciary, and so on.

Because of the Asian financial crisis, emerging markets are not [illegible] targets for foreign investments, so Latin American countries need [illegible] clear messages that they will go on increasing their political and [illegible] transformation to increase capital flow to their economies.

In a world which does not forgive mistakes any more, a regi[illegible] populism, a closed economy and political isolation will condem[illegible] generations to poverty and marginalisation. ■

Eicher motion.
It's not just about automobiles.
It's about relationships.
Between a man and his Eicher.
It's probably what makes a farmer
call his Eicher Tractor,
"My other son".
Makes a motorcyclist call his
Enfield Bullet
"My first love".
E-motion
Makes a businessman call his Eicher
Truck "My partner".
Relationship. It's what has made us a
Rs 915 crore automotive group
It's indeed what unites
Eicher with motion. E-motion.
EICHER
Driven By E-motion

Pakistan And Central Asia:

STRATEGIC CONSIDERATIONS VERSUS ECONOMIC OPPORTUNITIES

Pakistan's geographical location allows it to assume south, central or west Asian identities, but its foremost concerns and strongest links are clearly in South Asia. However, will Islamabad's priorities change following the independence of the Central Asian states?

FRÉDÉRIC GRARE

Located at the crossroads of Russia, the Middle East, South As the Far East, Central Asia is at the confluence of both region inter-continental strategic and economic interests. Like a [illegible] the Persian Gulf countries, it possesses many natural resources such gas, gold, uranium etc. Yet the region is unable to exploit this we its own, making it a potential target for foreign countries. Furthe since Central Asia is landlocked it must ally itself with its neighbours naturally tend to consider such alliances as a function of their own int Pakistan, for example, sees itself as a potential bridge between the Asian republics and the Indian Ocean. During the years it was under So control, Afghanistan, located between Pakistan and Central Asia, was Pak unique stake in the region. But some observers expected that greater religi freedom in the various Soviet republics in the late eighties, along with growing decentralisation resulting from Gorbachev's reforms, would natu lead the Central Asian republics to seek closer ties with the Muslim wo

and Pakistan in particular. The extent of Pakistan's ambitions was revealed only after the break up of the Soviet Union.

[illegible]AKISTAN'S OBJECTIVES AND POLICIES IN CENTRAL ASIA

Following the disintegration of the Soviet Union, Central Asian republics emerged as a group of countries with which Pakistan felt it could develop significant cooperation in many areas. It was well placed to provide this richly endowed, landlocked region with a convenient outlet to the sea, and Central Asia was seen as a valuable market for Pakistani goods. This perceived potential economic interdependency and common Islamic culture could, it was expected, form a natural basis for political influence in the region.

Most of this however was not based on solid assessment due to the lack of expertise on the former Soviet Union in the Pakistani Ministry of Foreign Affairs. For example, contrary to India, Pakistan did not have a single consulate general in Central Asia until 1991. No Pakistani diplomat had [illegible] been exposed to the cultural, religious and political environments of the Central Asian republics. Policy implementation and results thus proved [illegible] problematic.

However, the speed with which Islamabad reacted to the opening up of the Central Asian republics indicates Pakistan's high expectations. As early as November 1991, a high level Pakistani governmental delegation, led by the Minister of state for Economic Affairs, Sardar Asif Ali, was sent to Central Asia to visit each capital of the region. Islamabad's priorities were [illegible] first, to develop bilateral trade in raw materials and manufactured goods and second, to conclude contracts for regular power supplies. Rightly or wrongly, the government believed it would find markets in Central Asia [illegible] level similar to that in Pakistan. Pakistani entrepreneurs also felt that they had valuable expertise to offer in setting up banking, insurance and stock markets, as well as joint venture capital and import-export contracts, all of which were poorly developed in Central Asia. Pakistan could also share its know-how in areas that would help the region adapt to a market system, such as management, hotel administration, etc. Ten million dollars in trade credits were offered to each of the newly independent republics (Kazakhstan was offered 30 million dollars) to be used for the purchase of

participation by Pakistani private business firms in the Central Asian region is equally disappointing

Part of the explanation for this situation can be found in the state of the Central Asian economies. The post-Soviet economic decline that affected most members of the Commonwealth of Independent States (CIS) did not spare the Central Asian republics. In Turkmenistan alone, in which Pakistan appears to place its best hopes due to the country's gas reserves, GDP fell by 33.7 per cent between 1989 and 1994, and by an additional 9.3 per cent in 1995. In 1996, Uzbekistan experienced slow growth for the first time in six years. Moreover, the Central Asian republics remain heavily dependent on other CIS republics. Exports outside former Soviet exchange networks remain very limited.

But Pakistan is also constricted by its own financial weakness. In the long term, development of trade and joint ventures between Pakistan and Central Asia will require massive investments in infrastructure that Pakistan's government cannot afford on its own. Furthermore, Pakistan can make only a modest contribution to the principal needs of Central Asia: capital and technology. The other states of ECO are not any better off. With 400 million dollars, the *Investment Development Bank for ECO*, created to fund projects in Central Asia, does not have the means to make a substantial impact on such a large area. Pakistan can reasonably expect to develop its economic presence in Central Asia only if it links its favourable geographical location with the financial and technical resources of countries like Japan or the United States, which are interested in the development of projects in Central Asia.

THE STRATEGIC ISSUE: INDIA, PAKISTAN AND THE UNITED STATES

With a geographical location which permits it not only south, but also central and west Asian identities, Pakistan has described itself differently in different eras. From the realm of culture to the realm of security, its foremost concerns clearly are to be found in South Asia. As noted by Samina Yasmeen, two strands have run through Pakistan's foreign policy since its independence in August 1947: the fear of India and a "balancing" act. The act of "balancing" has been a direct outcome of the first strand. Convinced of its military and economic weakness, Pakistani leaders have

sought external patrons who could assist in "balancing" the Indian th[illegible] (Samina Yasmeen, "Pakistan's Cautious Foreign Policy", *Survival*, Vol [illegible] No 2, Summer 1994, p 115). The external patrons were clearly the [illegible] States and China.

From a practical point of view, Pakistan's interest in Central As[illegible] direct continuation of its Afghan policy The idea of reviving histor[illegible] with Central Asia was born in Pakistan in the days of Zia ul-H[illegible] intelligence chief, Lt Gen Akhtar Abdur Rehman, once told visiting [illegible] dignitaries that 'the holy war against communists would not [illegible] Afghanistan but would be pursued into Central Asia ' (Surrendra [illegible] K Warikoo, *Central Asia*, New Delhi, Har Anad Publishers, 1995 p [illegible] In fact, clandestine operations were launched in Soviet Central As[illegible] as 1984, but were interrupted in 1987 for fear of reprisals on Pa[illegible] territory. After the break up of the Soviet Union, Pakistan's and [illegible] broadened, only to be frustrated by Afghanistan

A full understanding of the importance of Afghanistan in Pak[illegible] Central Asian policy, as well as the role of the latter in the Indo P[illegible] rivalry, requires an appreciation of Islamabad's objectives in the Afgh[illegible] Since Partition in 1947, Pakistan has sought to secure its Centr[illegible] border in order to avoid being caught in a double front situation [illegible] Afghanistan and India in the event of a war against the latter Th[illegible] this Afghan Indian alliance was the Pashtounistan issue i[illegible] the [illegible] over Pakistani areas located between the Indus and the Afghan [illegible] Pashtounistan issue was in itself politically and militarily man[illegible] Pakistan, although it created the risk of Pakistan's dismemb[illegible] ethnic lines The Soviet invasion of Afghanistan therefor[illegible] Islamabad's worst fears for some time, but eventually this becam[illegible] opportunity to elaborate and develop progressively its Central A[illegible]

The determination to suppress Pashtoun irredentism partiall[illegible] the strategies followed by Islamabad in the conduct of the war Th[illegible] resistance was structured by the Inter Service Intelligence (ISI) aroun[illegible] parties, including four Islamist parties which had been based in Pa[illegible] since the aborted coup of 1975. During the Soviet presence, the IS[illegible] through its arms deliveries, maintain both the pressure on the Sovi[illegible] and the intensity of the conflict at the desired level. After the Red A[illegible] withdrawal, Islamabad's options remained open The latter could [illegible]

favour Kabul's takeover by an Islamist group of its liking, which would have had no choice but to offer Pakistan the security guarantees it was looking for or prevent the re-emergence of a hostile Afghanistan by maintaining chaos through support of local warlords. After 1991, however, this Afghan policy was at odds with Islamabad's objective of securing access to Central Asia.

Even during the Afghan war, neither the Pashtounistan issue nor the Soviet presence on its western border were Islamabad's sole preoccupation. Its main concern was still India. Zia ul Haq fully understood that by engaging its army on the West it protected its Eastern side.

Pakistan's regional strategies have always benefited from support of great power partners. Before 1979, the main American objective on the Indian subcontinent was to prevent India from slipping completely into the Soviet orbit, a credible possibility due to the Chinese threat.

Pakistan's regional strategies have always benefited from support of great power partners. Before 1979 the main American objective on the Indian subcontinent was to prevent India from slipping completely into the Soviet orbit, a credible possibility due to the Chinese threat. Pakistan was only a second-rate ally, which had no choice but to remain in the American sphere of influence, and whose strategic importance was relatively minor compared to the potential represented by India's alignment with the Soviet Union. But with the Soviet invasion of Afghanistan, the situation was reversed. While India was diplomatically neutralised, Pakistan was suddenly propelled into the position of a front line state, placed for the first time in its history at the top of American strategic priorities. The supposed US commitment to rid Afghanistan of Soviet forces gave the Pakistani army the opportunity to modernise its obsolete hardware through the acquisition of technologically sophisticated American weapons systems — undoubtedly a partial compensation for its quantitative inferiority vis a vis India. More importantly, Pakistan was able to develop, relatively freely, its nuclear programme.

However, this situation could last only as long as the Soviets were present in Afghanistan. The Cold War, therefore, did not end for Pakistan in November 1989 with the fall of the Berlin wall, nor in December 1991,

with the break up of the Soviet Union; it ended when the Geneva A[illegible] were signed in 1988, when arms control and non-proliferation again bec[illegible] US priorities in the region, and when American aid was stopped in [illegible] The break up of the Soviet Union and the emergence of some C[illegible] Asian states as potential major hydrocarbon producers were seen in Pak[illegible] as a unique opportunity to revitalise the special Pakistan-US relatio[illegible] which had existed during the Afghan war, and to prevent India from [illegible] again becoming the privileged partner of the United States in South A[illegible] As it had been the main vector of the anti-Soviet campaign during [illegible] Afghan war, Pakistan wanted to become the preferential route on the sou[illegible] flank of the CIS for the export of Central Asian hydrocarbons. It [illegible] seemed relatively easy given the continuing conflict between the U[illegible] States and Iran, and the American embargo against the latter which [illegible] Pakistan the only transit country to Central Asia via a southern route

INDIA AND PAKISTAN: A COMMON PERCEPTION OF CENTRAL ASIA

Neither Pakistan nor India is an immediate neighbour of Centr[illegible] but Central Asia undoubtedly plays a role in Indo-Pakistani [illegible] The independence of these republics and their likely quest for [illegible] the sea have made them into a potential hinterland which could [illegible] alter the regional strategic configuration in favour of Pakist[illegible] independence of the ex-Soviet republics was therefore interpreted [illegible] as an unwelcome strengthening of Pakistan's regional position [illegible] potential new allies. There was speculative fear in India that [illegible] belief in Islam would produce a Muslim fundamentalist reaction [illegible] an alliance between Pakistan and the Central Asian republics.

Therefore, the two countries followed a consistent policy of [illegible] closer to Central Asia to the exclusion of each other. Each country [illegible] was based partly on similar analysis, but also on mutual distrust of th[illegible] motives. Both countries believed they could benefit from the [illegible] vacuum left by Russia in Central Asia. They differed, however, not so [illegible] in their political analysis as in their strategic objectives. The so-called tr[illegible] of the Central Asian states towards democratic structures and [illegible] economies was viewed by India as a drain out process of confrontation[illegible] power politics and shifting alliances that would be settled by the Centr[illegible]

help of Saudi Arabia, *Jama'at-i-Islami* has tried to diffuse to the Central Asian Muslims the religious education that, in its view, they so desperately need. It exports religious books, creates schools and provides scholarships for brilliant and motivated Islamic students to study in famous Islamic universities.

For the time being, however, exploitation of the Islamic factor, though limited to some circles, seems to be largely counter-productive. Rightly or wrongly, Central Asian leaders are not eager to import "Islamism" within their own borders and consider Pakistan a liability in this regard.

For the time being, how[illegible] exploitation of the Islamic fac[illegible] though limited to some cir[illegible] seems to be largely coun[illegible] productive. Rightly or wro[illegible] Central Asian leaders are no[illegible] to import "Islamism" within [illegible] own borders and consider Pa[illegible] a liability in this regard. O[illegible] to Pakistan, Nur[illegible] Nazarbayev, Presid[illegible] Kazakhstan, reportedly sta[illegible] 'Kazakhstan (would) not [illegible] fundamentalist bloc and would like to remain a secular country lik[illegible] (Surrendra Chopra in K Warikoo, op cit p 321) During the U S S[illegible] of State's visit to Turkmenistan in 1991, Foreign Minister Abdi K[illegible] stated that his country would not accept fundamentalism and [illegible] future relationship with a country whether East or West, (would [illegible] purely economic or commercial basis (Ibid)

In fact, when the Soviet Union broke up in 1991 very few [illegible] believed that the neo-Soviet regimes would be long lived. Mo[illegible] expected the emergence of Muslim conservative governments[illegible] particularly in the ISI, surmised the separation of Central Asia fro[illegible] and the creation of a new geopolitical space dominated by Islamic co[illegible] regimes in which Pakistan would have played a leading role. The [illegible] war and the flow of Tajik refugees into Afghanistan created the co[illegible] for Pakistan to intervene through Afghan proxies. Because Russia[illegible] and Iranian authorities were determined that the Tajik civil war wo[illegible] degenerate into a new Afghan war, Pakistani aspirations in this reg[illegible] calmed — but the episode left its imprint in most Central Asian [illegible] minds.

This became particularly obvious in September 1997, when the Taliban took over Kabul. During the CIS meeting held at Almaty, in early October 1996, Russia and four Central Asian states threatened to use force against the Taliban if they crossed into former Soviet territory. The irony was that in their attempt to stop the traditionalist movement, they were now helping the former Afghan proxies who had precisely been the groups which had tried to promote "Islamism" in Central Asia. However, it had become obvious long before that the Central Asian republics would not join any sort of anti Indian coalition, and that ECO would not become the political counterweight to India that Pakistan had expected.

THE ENERGY ISSUE

In this perspective, the energy issue certainly deserves particular attention. It is a condensed version of all the expectations and problems Pakistan is faced with in its Central Asian policy. Though endowed with enormous potential for energy resources, Pakistan remains an energy deficient country that needs to ensure a better supply. Oil which accounts for 42 70 per cent of total supply is essentially an imported source of energy. The country is better endowed with natural gas which accounts for 37 68 per cent of its total energy supply but it still needs to import a great part of it. Central Asia, more specifically, Turkmenistan appears to be a unique source for Pakistan in this regard. The joint proposal of the Saudi firm, Delta Oil and the American UNOCAL consists of the constructing of a double pipeline to export hydrocarbons from Turkmenistan. The oil pipeline, with a potential capacity of some 50 million tons of oil per year, would link the Turkmen oilfield of Chardzou to a new terminal located on Pakistan's Arabian sea coast. From there, the oil would be transported to the rest of the world, including India and the Far East. The gas pipeline could transport some 20 billion cubic metres annually from the Dautelabad gas field in south-east Turkmenistan to Multan (Pakistan) through Herat and Kandahar (Afghanistan). This pipeline could be linked to India at a later stage. Initially limited to the two above mentioned companies, the CENTGAS consortium has been enlarged with several foreign companies thus enhancing the credibility of the project by diminishing its financial dependence over external sources of funding.

the Talibans as an alternate power. They captured Kandahar in 1994, but it took them until September 27, 1997 to take Kabul. Then Islamabad's diplomatic manoeuvres started. Within days of the Taliban's march into Kabul, Pakistani diplomats began visiting regional capitals for talks, while at the same time trying to arrange a rapprochement between the Taliban and their opponents (Hezb-i-Wahdat, Jamiat-i-Islami, Jumbesh) within Afghanistan. Both efforts failed. Officially, for fear of a "fundamentalist" spillover into their own republics, Russia and Uzbekistan intensified their support to the northern anti-Taliban alliance. Iran did the same for other reasons. As a result of the takeover of Kabul by the Taliban, a meeting of "friends of Afghanistan" was held in Tehran at the end of October 1996. The meeting was attended by representatives of Russia, Tajikistan, Turkmenistan, Kyrghyzhstan, China, Turkey, the United Nations, the OSCE and the Organisation of the Islamic Conference. Pakistan stayed away and was more isolated than ever. The Taliban have since moved into northern Afghanistan. They experienced some setbacks in the fall of 1997 but also regained some of the ground they lost. In recent months, the situation has not seen any important changes and the course of events in the near future is virtually impossible to foresee.

[illegible]AL PERCEPTIONS OF PAKISTAN'S ACTIVISM IN AFGHANISTAN

It is difficult to assess whether Pakistan considers Iran a major ideological [illegible] or whether it will only instrumentalise the ideological factor. It is [illegible] however that in view of the renewed US moves to contain [illegible] fundamentalism, Pakistan hopes to find favour with the US again in order to regain a status similar to that it enjoyed as a "front-line state" during the Afghan war. But Iran considers Pakistan's move and the Taliban movement as a combined Saudi-Pakistani-American attempt to isolate it [illegible]. It has reacted strongly and is now the main sponsor of the northern alliance.

On its side, Moscow is afraid that it will be permanently excluded from major international oil and gas projects in the near abroad. Should that occur, Russia's regional hegemony could ultimately be challenged by powerful oil-rich neighbours some decades down the road. The core issue is therefore

the control of the oil and gas flows from Central Asia. Russia's motives are both economic and defensive

Moscow has insisted that it must be a party to any agreement sharing the oil and natural gas resources of the region, it has thus moved to prevent the construction of pipelines transporting Central A oil and natural gas to southern markets

Moscow has also clearly demonstrated that it will not allow the power vacuum in the post-Soviet space to be filled by outside interest groups including Islamic groups from both Pakistan and Afghanistan and the W interests associated with them. Russia's emerging energy security doctrine emphasizes the need for the CIS to work towards the reintegration industries and to secure CIS markets through "energy diplomacy" not to lose out to Western investors as they move into the region. B Russia fears most in the relatively short term, is the Western political that it perceives would inevitably go hand-in-hand with the capital and technology necessary to develop Central Asian energy US interests in Central Asia are similar to Russia's Though W cannot lay historical claims, it definitely has the capacity and the determination to project itself as the principal broker for the region on the same it did in the Gulf Although its real intentions are still unclear certainly explains Russia's perceptions and its continued support northern alliance in Afghanistan, as well as the perpetuation of the civil war

UNCERTAIN US CASPIAN AND SOUTH ASIAN POLICIES

Pakistan can no longer take for granted Washington's interest energy development strategy Islamabad now in this post Cold W has to demonstrate its strategic value by emphasizing Central Asia and strategic potential But for the US State Department, the Turkmenistan-Afghanistan-Pakistan Gas Pipeline Project is only one option for the of Caspian Sea hydrocarbon reserves to the world market Moreover United States is redefining its South Asian policy, and India is clearly as the major attraction for American investment in the region American interest in spreading democracy (of which the Taliban

...considered the best followers), preventing terrorism and limiting the drug trafficking could play against Pakistan.

Finally, US support to the Pakistani projects is linked to its own Iranian policy. Though the American embargo is still operational, some quarters in Washington (not the least influential) claim that the embargo has already damaged the American economy by preventing access to the energy resources of Central Asia, for which Iran is the most logical export route. Along with these claims come calls for a "nuanced containment" of Iran, which would certainly lessen Pakistan's importance in Washington's eyes.

All these elements could seriously affect Pakistan's energy policy in Central Asia. In order to obtain the guarantees from the international financial institutions ... necessary for the construction of the pipelines bringing oil and natural gas from Turkmenistan to Pakistan, the Kabul government must be recognised by the international community. In other words, success of the CENTGAS initiative depends on US recognition of the Taliban government. During her recent visit to Pakistan, Madeleine Albright, the US Secretary of State, made it clear that the Clinton administration would not recognise the Taliban government due to its poor human rights record, and she supported a United Nations mediation effort to try to form a coalition government. This cannot be considered the end of the CENTGAS ...; but it certainly is a negative sign to Islamabad. The Talibans are ... to be as politically and diplomatically embarrassing as Hekmatyar.

PAKISTAN'S PROSPECTS IN CENTRAL ASIA

Given the elements mentioned above, neither Pakistan's present relations with Central Asia, nor the prospects for significant improvement in the ... future appear very bright. The main obstacle clearly to better relations remains the continuation of the Afghan civil war. The battle for Afghanistan has reached a stalemate, and there is little to suggest that the country will ... a stable regime in the near future. The military situation is likely to remain unchanged for some time, and neither the Taliban nor the northern coalition can expect to gain more than a few kilometres.

Both Iran and Pakistan are aware that there is no military solution to the Afghan crisis, and both are aware of the internal fragility of their own proteges. While parties of the northern alliance need each other in their

common opposition to the Taliban, they also have a lot of reasons to ‹ each other This is also true for the Taliban which is said to be con of various factions, with tribal and family affiliations playing an imp role The real balance of power between them remains unknown reasonable to assume that constant changes in the various ministries among other things m struggles for dominance, m hard to predict whethe Taliban leadership will r united. It is also diffic measure their real degr dependence on external p and on Pakistan in partic Islamabad ever expected r regime in Kabul its hopes been dashed Evidence of th be seen in the role played 1996 by the Jama'at i I

Both Iran and Pakistan are aware that there is no military solution to the Afghan crisis, and both are aware of the internal fragility of their own protégés. While parties of the northern alliance need each other in their common opposition to the Taliban, they also have a lot of reasons to distrust each other.

which brought together the Jumbesh, the Jama'at i Islami the H. Islami and the Hezb-i Wahdat This could not have occurred with consent of the ISI, which at the time was dissatisfied with the Taliba Pakistanis, who have been on good terms with Dostum in the past that a compromise will be necessary at some point Their ability to con the Talibans to accept such a move will certainly be a good measur extent of their control over the movement In short Pakistan is completely isolated in the region, and its grand designs in Central As thus remain deadlocked for some time

There are, nonetheless, reasons for hope and incentives for cooper The energy issue could certainly be one. The Central Asian cou desperately need to open up to the world market, while Pakistan wil tremendous energy requirements by the turn of the millennium Gi present regional geopolitical configuration the meeting of demand and is very unlikely, but the situation could be reversed.

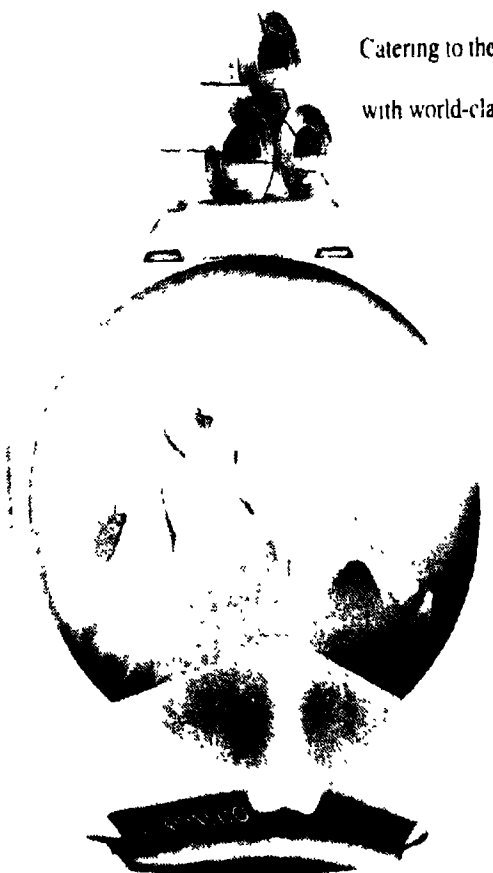
It can reasonably be argued that Pakistan has two options in Asia. The first option is a continuation of the current mixture of Is ideology and pragmatic motives — which has so far been a complete fa

Not only would this option antagonise the Central Asian leadership, but it might also alienate Pakistan's traditional sources of support — the United States and China.

A second option would be regional cooperation and the development of relations, not only between Central Asia and Pakistan but between Central and South Asia generally. In other words, the improvement of Pakistan's relations with Central Asia could come from a significant improvement of its relations with India. This could prove to be an asset for Pakistan since it would change how it is perceived in the countries of the region. India, a long term ally of the former Soviet Union, still shares common strategic interests with the Russian Federation. Instability in Central Asia would affect both Russian and Indian national security interests. Rightly or wrongly, both Russia and India fear a potential spillover effect on their own Muslim minorities should Central Asia be destabilised by Islamic fundamentalism. In the Central Asian countries themselves, while there is some distrust of Pakistan due to its use of Islam for political purposes, there seems to be considerable goodwill for secular India. Moreover, India's participation in regional energy projects would reassure Russia by guaranteeing that Central Asia would not be influenced only by Pakistan, the United States and Saudi Arabia. The opening of Central Asia via a southern route would thus be more acceptable to Russia. In turn, and given the right conditions in Afghanistan itself, Central Asia could become an additional source of energy for both countries. Moreover, the building of pipelines and other infrastructure would create the kind of organic links on which regional cooperation can [illegible].

The Kashmir issue of course, remains the main bilateral problem between India and Pakistan and no solution appears in sight in the near future. But the question here is not whether the problem can be resolved but whether it can be de-linked from other issues. Delinkage would obviously have positive repercussions in Afghanistan, where India and Pakistan have been in opposing alliances throughout the conflict. India supported Karmal and Najibullah during and after the Soviet occupation when Pakistan was backing the Islamic resistance, then India helped Massoud when he was opposing Hekmatyar and subsequently the Taliban. India's involvement in Afghanistan, although limited, has always been essentially a reflection of its rivalry with Pakistan (over Kashmir and over access to Central Asia). Lingering Cold

War stratagems, which sought to prevent Washington's political influen[illegible] in the Southern republics of the CIS, have also played a role. In terms of the energy issue, however, the Afghan conflict takes on a different perspe[illegible] India, Pakistan and, to some extent, the United States share a comm[illegible] strategic interest in securing access to Central Asia's oil and natural [illegible] while on Moscow's side there is an emerging conviction that the situ[illegible] should be necessarily analysed as a zero-sum game. As explained [illegible] Russia does not want to see a group of oil powers on its southern bo[illegible] But it is safe to consider such a scenario a long-term possibility, and Mo[illegible] might limit the risk by taking major shares in any drilling, pip[illegible] refinery projects, as it has already done in Azerbaijan and Kazakhs[illegible] would then benefit from the transfer of Western capital and technol[illegible] well as the royalties generated by the pipelines, while maintaining influence in the southern republics of the CIS. This seems to be the ob[illegible] behind Gazprom's interest in taking a 10 per cent share in CENTGAS.

For Pakistan, the road to Central Asia will probably be a lo[illegible] difficult one. However, a positive outcome is not completely unlik[illegible] Central Asia (including Afghanistan) is allowed to become a crude refl[illegible] of Pakistan's struggle with its regional rivals. Despite the political diff[illegible] in both Pakistan and India, and the bilateral tensions resulting fr[illegible] nuclear tests, the two countries are energy starved and need each ot[illegible] get access to Caspian resources. The time has come for Pakistan to [illegible] an integrated perspective on Central Asia. ■

STUDIES IN EUROPEAN INTEGRATION ON THE EVE OF THE MILLENNIUM

NEW CHALLENGES TO THE EUROPEAN UNION: POLICIES AND POLICY-MAKING,

edited by Stelios Stavridis, Elias Mossialos, Roger Morgan Howard Machin, Dartmouth 1997 604 pp

CONTEMPORARY EUROPE. ECONOMICS, POLITICS AND SOCIETY

David Edye and Valerio Lintner London Prentice Hall Publishers 1996 [illegible]

REVIEW ESSAY GEORG WIESSALA

The subject area of European Studies has in the past often been firmly focused on the analysis of the European Community, later the European Union (EU). In recent years, the two new pillars of the Maastricht Treaty, Common Foreign and Security Policy (CFSP) and Justice and Home Affairs (JHA), and their modifications and amendments through the new Amsterdam Treaty, have been the reason for a new and often intense debate in scholarly literature. This debate revolves mainly around the values of sovereignty, democracy, legitimacy, flexibility, transparency and subsidiarity and their importance for [illegible] development of the EU [illegible] necessary and an important [illegible] in the light of the perceived dem[illegible] deficit, the Union's remoteness [illegible] citizens and the need for inter[illegible] of the Union's proced[illegible] institutions. But there is [illegible] increasingly a new dimen[illegible] European Studies research [illegible] publication. Under the influ[illegible] globalisation and the developm[illegible] post-Maastricht and post Am[illegible] Union into an international pla[illegible] field is necessarily branching out [illegible] have been new external challen[illegible]

future. If it is applied in the right way, the interdisciplinary method is one of the most appropriate ways of presenting and discussing information in European Studies, up to and beyond the narrow horizon of the next Research Assessment Exercise (RAE). It should be encouraged, not least because of its ability to flexibly react to current European issues, a quality which is going to be of increasing importance in this fast-moving field.

The "if" is a rather big one though. The correct approach is important, because interdisciplinarity, as a guiding principle for publications, has numerous inherent pitfalls. The first one is that it is at times lacking in both substance and depth — often enough in accuracy too. A quick geographical-statistical survey of the fifteen EU member states, and, perhaps, some Eastern European countries, a few chapters about living, working and "doing business" in Europe and some explanations on more or less superficially selected EU policies thrown in for good measure, do not in themselves amount to multidisciplinarity. This approach does not reflect the many facets of European Studies and does more damage than justice to the subject. These works often give the impression of having been hastily thrown together for the needs of the soundbite-culture of our society — or the needs of the next RAE for that matter. Confused in this way with eclecticism and random choice, interdisciplinarity suffers and is often ridiculed, a consequence that has a tendency to taint the subject as [illegible] and to provoke questions about [illegible] nature of European Studies research.

Lack of coherence is the other [illegible]. More often than not, such [illegible] which can be levelled against the [illegible] of new publications in this area [illegible] there is no *leitmotiv* [illegible] coherent theme — some would [illegible] say vision — to hold the parts [illegible]. Interdisciplinarity is understood [illegible] as unconnectedness. But the [illegible] a relevant up-to-date overview [illegible] has two vital functions in this [illegible] firstly constitutes a linchpin [illegible] against which to measure the [illegible] question and other rival [illegible]. Secondly it counters the [illegible] sadly and incorrectly lodged [illegible] of many — that European Studies [illegible] hotchpotch, an amalgam of [illegible] parts. This way it is too [illegible] often inadvertently [illegible] are produced [illegible] elephant in its entirety.

Both works under review [illegible] framework of this article [illegible] not in any way fall prey to [illegible] outlined above. They [illegible] constitute valuable and [illegible] additions to the catalogue [illegible] in their own right, not [illegible] compilations or edited collections [illegible] both contain a serious [illegible] competent, thorough and [illegible] interdisciplinary approach to the [illegible] of Contemporary European Studies [illegible] of them (*New Challenges* [illegible]) [illegible] from a more political, the [illegible]

Contemporary Europe) from a more economic point of departure. The themes of European integration, the tension between supranational and intergovernmental forces, governmental intervention and freedom, and the hugely important subject of national identities can be identified as some of the main linkages between the chapters. National identity in particular is an appropriate [illegible]. Together with regional and local loyalties and a sense of belonging, [illegible] what more often than not separates the European Union from its people. Recent attempts to make the Union [illegible] relevant, to promote the concept of European citizenship, to bring the [illegible] closer to its citizens, all point to [illegible] of any 'European' [illegible] for whom the EU is [illegible] and remote. It is one of the [illegible] of these books to illustrate [illegible] of belonging and competing [illegible] ethnic and political identities [illegible] Union policy and form the [illegible] to the central questions of [illegible] power sharing.

[illegible] *Challenges to the European Union [illegible] Policy-Making* represents a [illegible] collaborative effort by an [illegible] team of twenty-five [illegible]. The book's main editors [illegible] Stavridis, Elias Mossialos, [illegible] Morgan and Howard Machin. It [illegible] the second volume in the series *[illegible] Political Economy*, the principal [illegible] of which are working from the European Institute of the London School of Economics and Political Science (LSE). Written before the 1996 Intergovernmental Conference, and with the aim to facilitate understanding of the issues surrounding it, the book, naturally, revolves around questions of power, democracy, subsidiarity, identity and reform. Several questions form the core of the argument: there is, for a start, the issue of whether or not the EU should be more open to the free market or more strongly subjected to governmental intervention and planning. This question can be identified as one of the central themes, running through many of the book's contributions.

Given the publication date and following public opposition and what has belatedly been termed the "lessons of Maastricht", it is not surprising that another focus of the book is on questions of the perceived "democratic deficit", popular participation and democratic legitimacy in the European Union. Other themes are "national identity" versus "European demos" and the new external roles of the Union, including the struggle for and the obstacles towards a coherent Common Foreign and Security Policy (CFSP). The next enlargement to the East, as seen before the AGENDA 2000 programme, the challenges to the Union's institutional structure and need for internal reform constitute the background to many of the chapters assembled here. In spite of the fact that some of the issues have since necessarily been superseded or updated by recent developments and especially by the Amsterdam Treaty, this book fares well

in comparison with its immediate competitors and will not be out of date for a long time It is a valuable, insightful and very comprehensive introduction to the way the Union works - and sometimes doesn't

The collection is divided into three main sections The first one assembles in a somewhat random way, issues as diverse as integration, political union, the new Second and Third Intergovernmental Pillars, internal finance, budgetary issues and enlargement This is achieved under the (very) general headline of Political and Institutional Developments This is followed by a more specialised section on the Single Market, including three individual, extensively presented case studies from the areas of telecommunications broadcasting and the pharmaceutical industry The concluding part focuses on selected policy areas, such as the Common Agricultural Policy (CAP), Regional, Transport and Environmental Policy

Within this overall blueprint and hinging on a discussion of the concept of subsidiarity, the first chapter sets the scene for the ensuing contributions in this more general part of the book It reflects on the divergent perceptions, images and political concepts of the process of integration in the mid 1990s Examples range from the infamous German Schauble-Lamers Paper on a "core-Europe" to John Major's Leiden speech, from *Europe a la carte* to multiple-speed, variable-geometry and flexibility. There is a timely reminder here, of the two major forces at work in the [illegible] intergovernmentalism and [illegible] nationalism, which are so [illegible] conflict with one another 'As [illegible] the task facing the student of [illegible] in Europe was to identify the [illegible] between the states and the Commu[illegible] rather than a straightforward [illegible] the nation-state (p 28)

One of the tools needed on th[illegible] is more clearly defined and elabora[illegible] the chapter on European Politic[illegible] (EPU) and "elite mass relatio[illegible] better clarification of the deve[illegible] of integration against the backg[illegible] fifteen different national identiti[illegible] can we account [illegible] the author [illegible] without justification [illegible] development of economic a[illegible] integration in the Community [illegible] these differences in nation[illegible] (p 45) Interesting how [illegible] article's predictions [illegible] EMU and Freedom of Move[illegible] have turned out to be in the [illegible] problems with Schen[illegible] establishment of the [illegible] 1998 Other chapters in the fir[illegible] approach questions of legitim[illegible] Maastricht trans national [illegible] democracy, a new civic [illegible] European citizenship The [illegible] guided and determined again[illegible] of 'one European demos [illegible] its political identity' (p 85) [illegible] what this 'European identity eventually consist of and how [illegible] be promoted (or protected) [illegible] perhaps deliberately [illegible] open

answer. One of the strong points of the contribution about non-discrimination and the Freedom of Movement of Goods and Services is the enlightening and comprehensive use of case law, illustrating these important aspects of the Single Market, which, in conjunction with the Freedom of Movement for Persons and Capital, form the Four Freedoms of the EU. This contribution should be of much use to anyone interested in EU Law, as a whole, as there is enough of a framework here to explain the basic workings and mechanisms of the Union's unique legal system.

But the overall topic, the Single Market, is never far out of sight and is logically explained on the basis of landmark jurisdiction, such as the Cassis de Dijon case and others. One aspect that the reader becomes aware of yet again, after reading this chapter, is the role and function of the European Court of Justice as an integrative, political force in the EU. 'It is not surprising that a significant element in its (the Single Market's) achievement was simply the continued application of the existing case-law of the Court of Justice' (p 261). That, and the Court's function as a legal source through a stream of new case law on Freedom of Movement one may add, is indeed worth stressing and one is reminded of the recent work of Kuper, Dehousse and others in this area.

The next four chapters in the second section assemble a wealth of information in the form of individual case-studies, illustrating development, application and perspectives of the Single Market [illegible] areas of tax harmonis[illegible] telecommunications, the broad[illegible] audio-visual fields and the pharm[illegible] industry. There is much here [illegible] reader in search of specialised [illegible] the function of regulatory frame[illegible]. What holds these very di[illegible] contributions together howev[illegible] connections with national [illegible] national identity, subsidiarity [illegible] Single Currency. The [illegible] succinctly identified is [illegible] balance of power and [illegible] between Community institutions [illegible] Community Member States [illegible]. Thus one of the leading [illegible] the first section of the book is continued here. In the [illegible] harmonisation this is [illegible] obvious than elsewhere [illegible] levy taxes lies at the heart [illegible] sovereignty (p 290). The [illegible] broadcasting and the [illegible] particular [illegible] currency [illegible] background of the majority [illegible] and national identity [illegible] of the "post industrial [illegible]" society'. It forms required [illegible] any student of Europe [illegible] dawn of the digital age. As [illegible] the book, the conflict betw[illegible] intervention and free market [illegible] the surface, the dirigis[illegible] dichotomy forms one of the [illegible] "The conflict between these tw[illegible] (of resource allocation and their [illegible]) has been one of the "grand [illegible]" of the European Community [illegible]

[illegible] the area of the pharmaceutical industry [illegible] the relationship between Community decisions and that of each [illegible] member state is characterised, in a more [illegible] slightly understated way, as 'subtle' (p 357) and [illegible] Member states have [illegible] interests and priorities and there [illegible] no sign of these being likely to change (p 391). The attitudes and priorities of [illegible] are as diverse as the chapters in [illegible] book.

In many other instances, such as [illegible] policy, these chapters prepare [illegible] and form bridges to the [illegible] investigation in the third [illegible] of the book, which [illegible] EU Policies. The lead chapter [illegible] the Common Agricultural Policy [illegible] CAP [illegible] forms a comprehensive [illegible] of the subject with a large [illegible] of essential background [illegible] including useful diagrams [illegible] such as CAP reforms. This is [illegible] value both to the non-[illegible] reader and to anyone [illegible] individual aspects like the [illegible] of the next Eastern [illegible] for the CAP. The [illegible] on Regional Policy must [illegible] with two different points in [illegible] the debate about a post-national [illegible] and the relationship between a [illegible] demos', national identities [illegible] regional loyalties and the recent [illegible] to the structural funds. The [illegible] of the Committee of the Regions and its 'potential to become a [illegible] important actor in the decision-making process of the Union' (p 459) is given too little room here, as is the problem of its disparate membership, rooted in very different sub-national, for example federal, power structures of the Member States.

Transport, particularly Trans-European Networks (TENs) and the then new Community competence in Industrial Policy, including Research and Development (R&D) funding, form the next two chapters. As the author reminds us, the latter area again demonstrates the delicate balance between Community Policy and national influence: 'Changing political agendas and divergent national interests still constrain the Commission's independence within the (...) European Community R&D policy network' (p 499). If there is some truth in the statement that 'appeals to social solidarity have relied on shared cultural identity expressed through nationhood' (p 538), the area of Social Policy, so one could be tempted to assume, should be one of the most dynamic ones in EU policy. The chapter dealing with it here goes some way towards explaining why this is not so and why the Community's impact is still minimal, despite some recent landmark White Papers and Directives. The two remaining chapters deal with Energy and Environmental Policy respectively. The concept of a Single Market in energy is a relatively new (post-SEA) one. The value of the chapter on Energy Policy lies in providing basic distinctions, for example between the instruments of deregulation, liberalisation and privatisation, and in

identifying several overriding themes in EC Energy Policy. One of these, the environmental aspects of energy consumption, should be required background reading for anyone dealing with this year's Commission strategy for strengthening the environmental dimension of EU energy policy. Moreover, it leads on to the concluding chapter of the book. This contains a thorough introduction to EC Environmental Policy and a way through the maze of the hundreds of environmental directives in existence, by means of concentration on some major issues, such as the polluter-pays-principle, which, however, are not always sufficiently illustrated by cases.

Contemporary Europe, edited by David Edye and Valerio Lintner, also has a interdisciplinary remit. It focuses predominantly on political, economic and social aspects of Europe. One of the main themes throughout the thoroughly researched and well-presented book, is the impossibility to approach Europe under the headline of any one ideology or category. Europe "in unity and diversity". This provides the justification for the book's multidisciplinary method. A mainly introductory and comparative work, the text secondly examines the subject from the perspective of the authors' interest in the "Europe of the nations". It concentrates mostly, but not exclusively, on the "big five", the UK, France, Germany, Italy and Spain. Divided into eleven chapters and a long conclusion, the book has a structure, similar to *New Challenges to the EU*, providing, in the first four chapters, [illegible] theoretical framework, which is [illegible] from chapter five onwards, appli[illegible] selected topics, case studies and p[illegible] areas. Following some basic defin[illegible] of the subject area ... it is fascinatin[illegible] the way, for anyone working in th[illegible] Asia context, to see the book pre[illegible] by Paul Valéry's famous quote [illegible] *'Europe ce petit cap d'Asie'* (Europe [illegible] little tip off Asia) ... the introd[illegible] chapter provides the reader w[illegible] essentials ... historical ... economic [illegible] statistical history, heavily le[illegible] economic dimension and leaving [illegible] little room for a discussion of inte[illegible] at this stage.

The following section co[illegible] found in an economics text[illegible] beginners. Presupposing no [illegible] knowledge, it presents the b[illegible] of economic theory [illegible] understand much of what fo[illegible] this form, a comparable des[illegible] the functioning of the Free Ma[illegible] Planned and a Mixed Econom[illegible] found in any general te[illegible] European Studies and [illegible] highlighted as an extreme[illegible] feature, especially for anyone ne[illegible] area. Much of the subseque[illegible] indeed much of any further [illegible] interdisciplinary subject that is E[illegible] Studies, is made more transparent [illegible] approach and a deeper understand[illegible] political actions is greatly enhanc[illegible] facilitated. The use of newspape[illegible] and diagrams – as elsewhere in the [illegible] — improves the value of both the [illegible]

ent and the presentation. In a
vein, the third chapter introduces
litical side, theories of the state,
ched from the angle of "freedom
ntrol". It has to be stressed again,
see an issue such as "power and
ity" discussed in this way in a
an Studies textbook on this level,
ghtening, overdue and surprisingly
One wonders how topics as diverse
elationship between the European
ent and the Council of Ministers
the power struggle of the
ittee of the Regions (CoR) or
pact of decisions by the European
of Justice (ECJ) could ever be
ed without a general introduction
kind.
sections on democracy
an elite theory of Marxism are
fundamental. The authors manage
ry credible way to eschew both
nal institutions of the state and
ecentric approach. It is the
nectedness and the unity and
of experience in Europe that
s to a position of
m is the basis of our theory
a good precondition indeed,
one seeking to understand Europe
cularly Eastern Europe free
reotyping. Seen in this context,
sm will be welcomed by many.
One of the stated aims of the
to induce further reading, and
nsive bibliography at the end of
d other chapters will make this
ossible, although sometimes more
asic knowledge of the subject
l would be needed.

Chapter four provides the social background and introduces issues like globalisation, modernism, the dangers inherent in uniformity and personal, ethnic and national identities. The "different" and successfully interdisciplinary approach of the book is in strong evidence in sections about class, gender and race, necessary for a deeper understanding of Europe's history and contemporary problems. Many of the national identity aspects looked at here are a valuable addition to the groundbreaking work in this area, which has been achieved by authors such as AD Smith or Brian Jenkins.

Together with the last of the general chapters, on "European Mixed Economies in Practice" — again amply supported by data, diagrams and additional material — this first part of the book forms a well-rounded and thorough basis on which any further study of our subject can — and should — take place. To organise a book according to what is known in German as *Klammerprinzip* (ie, to present general information first, in front of the bracket (*Klammer*) in which to find the more specialist details to which the general part applies in equal measure — is tried and tested practice and has here been successfully accomplished in a collaborative effort.

In the course of the next six chapters, the authors investigate European structures in considerable detail. Chapter six deals with the different ways in which the mixed-economy model has been interpreted and applied in practice, from

the UK's "Property-Owning Democracy" to Ludwig Erhard's "Soziale Marktwirtschaft" (Social Market Economy) in Germany But the authors do not forget an examination of the Benelux, Southern European and Scandinavian states I found that only the incorrect use of German terminology was a (very minor) point of criticism in an otherwise excellent overview, which forms a kind of bridge between the first and second parts of the work, as indeed much of it leans more towards the "general part" The comparison between the German/European social market model and British capitalism, much neglecting an awareness for the social dimension in favour of the market, should provide much ammunition for debate, against the background of the 48-hour week, current unemployment figures and the new National (employment) Action Plans (NAPs), initiated during the Special Luxembourg Summit in November 1997 The subjects of unemployment and welfare-versus free-market capitalism are further pursued in chapter seven on "European Labour Markets and Industrial Relations" The same chapter also covers trade union relations and issues of labour migration

Returning to the state as the prime subject of investigation, the next three sections shed some light on party systems, new social movements and government in Europe The chapter on political parties and party systems seems to me one of the most substantial and detailed parts of the book There is a fundamental investigation of cleavages and [illegible] loyalties - including new one[illegible] example regional ones or over Euro[illegible] and the prediction that 'support fo[illegible] Greens and the Far Right in pa[illegible] suggests that new kinds of cleav[illegible] be in the process of being [illegible] (p 253) find confirmation not [illegible] recent German politics The [illegible] sections on electoral systems and par[illegible] form a solid background to [illegible] about the UK's electoral [illegible] respect of the European Pa[illegible] elections in June 1999 The [illegible] topic of regional parties, 'territor[illegible] identification (p 253 and the [illegible] the nation state would hav[illegible] more room in this [illegible] information about political par[illegible] European Parliament EP [illegible] grouped together as indee[illegible] parties there instead of bein[illegible] about But the long appendix [illegible] chapter helps to organise the [illegible] of information accessed [illegible] helpful and accessible

The main part of the [illegible] with two chapters on governm[illegible] social issues The first [illegible] "Executive Power", discusses [illegible] bureaucratic elites and the civi[illegible] 'crucial to understanding where [illegible] lies and how power is exerci[illegible] (p 308) There are few books [illegible] the related field of Comp[illegible] Government, which make the [illegible] structures and the criticism [illegible] against them as transparent as [illegible] Lintner do. The section on Parli[illegible]

[illegible]as been kept shorter, one assumes perhaps for the benefit of the following [illegible]bservations on pressure groups and [illegible]obbying in the European Union. This [illegible] a justifiable strategy in the light of the [illegible]portance of the latter processes. The [illegible]ame applies to the section about [illegible]omparative government styles, in [illegible]ation to the following, more extensive [illegible]ne on regional government, the [illegible] Europe of the Regions", subsidiarity, [illegible]centralisation and federalism. The [illegible]ultimate chapter in the book deals [illegible]ith the social dimension and connects [illegible] with the fourth, more general [illegible]apter which it is an application of [illegible] poverty, [illegible] the situation of women and [illegible] of ethnicity and racism lend [illegible] to test the new concepts of [illegible]izenship and social cohesion. As [illegible] parts of the book the idea of [illegible] provides a backdrop to much of [illegible] Our social identity is [illegible] on a dynamic relation [illegible] our background culture, our [illegible] socio-economic [illegible] [illegible] and the possibility of social [illegible]. At present there are several [illegible] in the way of all individuals [illegible] able to climb the ladder of [illegible] (p 386 [illegible]) One of the many [illegible] for Europe is exposed here, and [illegible] little needs to be added.

The (overlong) conclusion [illegible]marises the economic, political and [illegible] analysis of the book under two [illegible] headings "where are we now?" [illegible] "where are we going?" The authors' contentions about élitism, nationalism and discrimination are well-founded and logically applied to contemporary issues like enlargement and further integration.

In conclusion, both of these works present the reader with a wealth of information, and they are very successful attempts at showing and reflecting European Studies as the interdisciplinary subject that it is. Both books reviewed here represent a considerable research effort and – in their multidisciplinary-collaborative method – fill a considerable and surprising gap in the market. On the road to the next RAE and in spite of what the current "research and publication flavour of the month" is — this gap needs much more exploration and publication activity. For anyone seeing his/her main interest in the area of economics, the book by David Edye and Valerio Lintner comes with a particular recommendation. From the point of view of the student of the subject, there is enough in any of the two works to accompany more than a module or a semester. Again, Edye/Lintner excel by providing a "general part" that will lay a very solid theoretical foundation for any further study of Europe. In both of these thoroughly-researched and large works, but especially in the Stavridis/Mossialos/Morgan/Machin book, lecturers will find a source of reference and teaching material on a great variety of different, and — in their majority – up-to-date topics. They will as a consequence be able to support and prepare classes on areas they are not too

familiar with in a short amount of time. In terms of the overall literature, these works fit in well with other textbooks, study guides or readers and should be given preference over the too superficial "European Studies" interactive workbooks, available on the market.

In general, European Studies research and academic literature will have to adapt to the developments outlined in the introduction. At present, the picture is quite diverse: after a gap of some years, books, monographs and articles about Eastern Europe are already forthcoming at a faster pace, and fortunately not all of them are written with the sole purpose of the Research Assessment Exercise of the year 2000 in mind. For the researcher in this area, there is now a wealth of material to work with. The Commission's *AGENDA 2000* Programme has provided the impetus for a more critical analysis of the effects of enlargement on the Union itself, although it is to be expected that the areas of internal reform and legitimacy of a wider Union will trigger further investigation. Unfortunately, as regards the euro and the EU on a global scale, things are moving much more slowly, and one would wish for more edited or single-authored volumes in these areas to come forward in due course. The euro guidebooks available, in focusing on the practical consequences of the single currency for the consumer are useful, but not sufficient for a wider discussion of the subject. Much more needs to be done in connection with the European Union's external rel[illegible] a topic which will assume [illegible] importance and weight in the futu[illegible] A search yielded only one recent, rele[illegible] book on the EU and the Asia-Pa[illegible] which was widely available in Eu[illegible] and the body of literature on [illegible] America and the EU is similarly [illegible] Yet, with the Commission's pr[illegible] priorities and preoccupation tow[illegible] Central and Eastern Europe in mi[illegible] is to be expected that this tw[illegible] picture of publications in Euro[illegible] Studies – much like the new fl[illegible] approach within the European U[illegible] – will remain in place for some [illegible]

NUCLEAR INDIA

Jasjit Singh Ed
New Delhi Knowledge World 1998
pp 324

DONALD R WESTERVELT

Writing in the April 11 2[illegible] issue of *Frontlin*[illegible] Commodore Jasjit Singh speaks [illegible] nuclear testing " should Indi[illegible] nuclear bomb to demonstrate th[illegible] going nuclear? The answer is obvi[illegible] no " In the same paragraph, Singh [illegible] that a thermonuclear device [illegible] require a test, but that the cost [illegible] terms of sanctions resulting from [illegible] test – would outweigh the benefits [illegible] month later, India carried out [illegible] Pokhran II nuclear tests, which [illegible] described as including a thermonuclear weapon.

Also in April, Jasjit Singh became a member of a three-man National Security Task Force set up to recommend a structure for the National Security Council (NSC) promised by the Vajpayee government. According to K Subrahmanyam (*The Times of India*, November 20, 1998), the report of that task force, delivered on June 26, "has been thrown into the waste paper basket," but at least one element survives: a National Security Advisory Board (NSAB) consisting of eminent experts including K Subrahmanyam and Jasjit Singh chosen from outside the government. Subrahmanyam notes that, under certain conditions, the person who chairs the NSAB "will be the key person in national security planning." (Since then he himself has been appointed convener of the NSAB.)

Jasjit Singh is director of the Institute for Defence Studies and Analysis (IDSA), New Delhi, and is editor and a dominant contributor to the collection of IDSA essays in *Nuclear India*. The IDSA is a government funded but autonomous think tank that has unswervingly supported Indian opposition to the so called "Unequal Nuclear Bargain". This opposition manifested itself in India's refusal to accede to the Non-Proliferation Treaty (NPT), and, more recently, in vigorous Indian opposition to such vital NPT underpinnings (as seen by the US government) as the Comprehensive Test Ban Treaty (CTBT) and the planned Fissile Material Cutoff Treaty (FMCT), both on the grounds that these are discriminatory and, most especially, that they contain no direct link to "disarmament", which to India has been the Holy Grail. With *Nuclear India*, IDSA, or at least its Director, has abandoned this position.

Nuclear India is in three sections. The first four chapters comprise a fascinating, if sometimes biased, historical backdrop, particularly the reminiscences of K Subrahmanyam. Jasjit Singh opens with an effort to justify India's abandonment of the three-decade-long policy of "keeping the nuclear option open", in favour of "exercising the option". He repeats a point he has asserted elsewhere, "India does not require nuclear weapons for prestige or status". Subrahmanyam, on the other hand, is described by A Ghosh (*The New Yorker*, October 26 - November 2, 1998) as believing that India's nuclear policies are only tangentially related to India's security; instead, the aim is global power and a seat on the United Nations Security Council.

Jasjit Singh shows a blind side when he suggests that Hiroshima and Nagasaki might not have happened if Japan had possessed the bomb, but does not consider the possibility (or probability) that earlier emergence of the bomb could have prevented World War II. He lists 47 incidents "involving threat of use of nuclear weapons", without analysis of those incidents beyond noting that nuclear asymmetry played a key role. In many of them, the role of nuclear

Hedley Bull, among several other noted scholars, has been developed appreciably in Watson's work in an effort to understand the Westphalian states-system, (now extended globally), assess its contemporary relevance, and discern its future development.

Among the several seminal conceptualisations Watson has developed, that of "hegemony" is critical to our understanding of the book under review

In a system linking independent political communities with no overarching authority to ensure international order (the "international anarchy"), this has to be achieved by some pattern of self-organisation among the units The possible patterns have been conceived by Watson in tems of a spectrum, the extreme ends of which are "multiple independences" and "empire", while the middle ground is occupied by "hegemony" and "dominion", with "hegemony" closer to "multiple independences" Thus the pendulum of order is conceived as capable of swinging between the independences of states and international hierarchy.

Hegemony implicates the power or authority to lay down the law about the operations of the system, while leaving states domestically independent It is Watson's thesis (after Wight) that the propensity to hegemony has at all times distinguished the Westphalian states system, and in particular is beginning to distinguish it now, with the end of colonisation and of the Cold War, and the advent of the age of globalisation.

His conceptualisation of [illegible] hegemonial tendencies in the system, limiting the independence of states [illegible] particularly valuable in countering [illegible] rhetorical and pejorative notions [illegible] hegemony so loosely voiced in develop[illegible]ing countries, and enhancing our scholarly comprehension of its functional import[illegible] in the ordering of relations between [illegible] after all, we live in an age fraught [illegible] near-apocalyptic dangers to mankind [illegible] there is more to the dilemmas of our [illegible] than this circumstance, and some [illegible] questions remain

How really cogent is this hegem[illegible] ordering, considering that it appe[illegible] have limited, if not shallow [illegible] support for it among the people [illegible] contemporary concert of [illegible] orchestrating it? Moreover in [illegible] such intense demonstration effec[illegible] economic disparities, the [illegible] ameliorative expedients very ligh[illegible] with by the author, seem to be [illegible] of insufficient cogency and [illegible] It is curious that the W[illegible] imagination, fired by issues of order, seems so little seized with [illegible] of related and equal magnitude [illegible] those of global justice As it would [illegible] only Hedley Bull among the [illegible] in the English School ha[illegible] perspicacity to wrestle with this [illegible] in relation to the issues and problem[illegible] global order

Nor, in dealing elaborately with [illegible] limits of independence, does W[illegible] pause and query the extent to [illegible] creating strong (but not hard[illegible]

The author starts with the contradiction between the country's official status as an "Islamic nation" and the reality of its existence as a multi-ethnic state, questioning implicitly the very idea of a Pakistani national interest. For him, "the different provinces, because of their distinctive historical and cultural identities, various locations on the world map, different crossborder ethnic affinities and the attendance of various levels of participation in the decision-making process of Pakistan have different perceptions of Pakistan's security and corresponding foreign policy."

According to Mehtab Ali Shah two main criteria, the geo strategic location of a given province on the South Asian and world map and the level of participation of its inhabitants in the decision making process shape the principal trends of Pakistan's foreign policy.

Because they orient themselves more towards South Asia than the Middle East, Sindhis, for example, do not share the perception of the central government regarding the ideological antagonism between India and Pakistan. Informed citizens see the former as a secular state and consider the ideological struggle with India out of context. Sindh is, of course, much less sensitive to the Kashmir issue.

Similarly, Baluchi perceptions of Pakistan's foreign policy are shaped by their insufficient participation in the decision-making process. (No Baluch was ever promoted to the rank of secretary in the federal government.) Like Sindhis, Balouchis equate Pakistan's security with the security of the Punjabi [illegible] Pakistan's foreign policy with an exte[illegible] Punjabi agenda to keep their inte[illegible] colonialism intact. Similarly, [illegible] within limits, Sindhis and Baluch[illegible] any loss for India as a gain for th[illegible] of Islamabad and, by the same to[illegible] any gain for the Pakistani estab[illegible] as a loss for themselves. Acco[illegible] the author, "the overwhelming ma[illegible] of Sindhis (for example) suppor[illegible] of an independent state rather [illegible] accession of India occupied K[illegible] Pakistan. Both provi[illegible] agreement over the nucle[illegible] see the Pakistani bomb [illegible] Punjabi bomb. Both [illegible] alignment with the USA [illegible] conservative Arab regimes [illegible] by the ruling elite to [illegible] support it need [illegible] colonialism at home.

To some extent despit[illegible] intention of the author [illegible] us less about how the [illegible] position of each province [illegible] perception of Pakistan [illegible] outside world than [illegible] between the various provin[illegible] policy of dominating the other[illegible] results from its sense of [illegible] to its geographic situation [illegible] invasion routes. Because of [illegible] of resources in their own hom[illegible] the Pashtuns are forced to look [illegible] and, despite tensions with the [illegible] over Afghanistan, find it relativ[illegible] to collaborate with them [illegible] economic and political contro[illegible] Sindh and Baluchistan.

recent concern with higher education. It also shows how economists are broadening their concern beyond their economic playground. Perhaps the UNDP's recent *Human Development Reports* have contributed to this change. At least, we have become less pretentious.

The sixteen lectures in the book have been divided into five parts: (I) Economics in a Changing World, (II) Economic Reforms in India, (III) Prospect for the Indian Economy, (IV) Education and Development, and (V) Global Change. By and large, the Introduction and parts I to III — about two-thirds of the book — centre upon India in the world context. The remaining parts cover mainly higher education and global change. In his preface, the author warns readers that the "lectures delivered over a period of twelve years necessarily reveal changes in thinking." He has therefore written an extensive introduction which sums up where he stands now.

IG is among the very few economists who has great erudition, an open mind as well as vast experience in international organisations, in government and in academic life, both within India and abroad. He writes with lucidity and care, and without any dogmatic assertions.

In his very first lecture, delivered in 1985 in London, he points out that economists with widely differing approaches, such as O Hirschman (1981) and Deepak Lal (1983), have talked respectively of the "decline" and "poverty" in development ec[illegible] But IG shows a wider perspe[illegible] has pointed forcefully to the ne[illegible] fold increase in the GDP [illegible] developing countries as a group [illegible] 1950 and 1980 (Secretariat D[illegible] TD/277 submitted to UNC[illegible] Belgrade, 1983).

Instead of denigrating dev[illegible] economics, IG has underli[illegible] importance of "Equity in [illegible] Society" at the end of his lec[illegible] delivered at the London S[illegible] Economics (1995). My [illegible] here has been to argue in favou[illegible] directed social science and [illegible] social scientists pay greater [illegible] equity in our global society. [illegible] would be pleased to know that [illegible] Institute on Equity and Dev[illegible] was established in February 199[illegible] as a part of the Mahatma Gand[illegible] of the Gujarat Vidyapith [illegible]

IG considers that [illegible] consensus on economic [illegible] emerging around the world [illegible] the very beginning [illegible] insights. Six of them deal with [illegible] self interest, competition [illegible] functioning, its arbitr[illegible] competing agents and the [illegible] well as the obligations of co[illegible] The remaining five points co[illegible] issues: the role of the state in ed[illegible] health and nutrition, s[illegible] technology, and higher educa[illegible] task of the state in infrastruct[illegible] monetary, fiscal and exchan[illegible] policies. The author stresses the

combine sound macro-economic policies and liberal micro-economic policies

These are the ideas which delineate [illegible] roles of the state and the market. He [illegible] important differences between the [illegible] policies recommended by the [illegible] countries and those needed by [illegible] developing countries. IG then takes [illegible] the reasons for some of these [illegible] under the title, "Some [illegible]. All readers would wish to [illegible] closely his thoughts here which [illegible] that rich and poor countries [illegible] exactly the same policies [illegible] a number of factors in [illegible] his argumentation including [illegible] level playing [illegible] power and of ten of loss of [illegible] following from losing [illegible] identity. These thoughts [illegible] differences in economic, social, [illegible] and strategic power between the [illegible] as well as, I believe, *within* each [illegible] the third paragraph of his book, [illegible] states that his main purpose here [illegible] to argue in favour of value [illegible] social science and to urge that [illegible] scientists pay greater attention to [illegible] in our global society. Social [illegible] without social concern or interest [illegible] policy would be a sterile [illegible] time." (p 322)

There is one point where this reader [illegible] some difficulty in fully agreeing with [illegible] thought expressed. In his preface he declares that, "Economic policy ... has witnessed a virtual revolution throughout the world since the early eighties." (p V) Change has indeed taken place since the eighties, but not exactly as much as a revolution "in international cooperation." We can hardly overlook that the changes in the world since the mid-1990s have been enormous. For example, Africa is marginalised; Russia and East Europe are in shambles, almost equalling the Great Depression, East Asia, which had broken all world records in rapid growth, is now in an unexpected, major crisis, most of Latin America and the Caribbean are almost in recession; and Western Europe is stuck in a low rate of growth, with very heavy unemployment. The United States itself is going through a period of severe uncertainty. The euphoria of the early eighties is sinking into pessimism over a general universal crisis. No wonder a large number of countries and scholars are now seriously arguing that unregulated globalisation has brought about disasters all round. There is a pressing need for profound rethinking. As IG himself has stated in his conclusion, and about Keynes, I too am tempted to end this review by citing not so stale thoughts of Keynes in 1933,

"I sympathise ... with those who would minimise rather than with those who would maximise economic entanglement among nations. Ideas, knowledge, science, hospitality, travel - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonable and conveniently possible, and above all, let

finance be primarily national.' "National Self-sufficiency", *The Yale Review*, Vol 23, No 4, pp 755-769, 1933)

FREEDOM OF RELIGION AND BELIEF: A WORLD REPORT

Kevin Boyle and Juliet Sheen (eds)
London and New York Routledge 1997
pp 475

KUMAR SURESH

The study under review aims at exploring the extent to which freedom of religion, belief and secular thought is enjoyed in the contemporary world, and how different cultures and legal systems respond to a diversity of religious and secular beliefs. This aspect has been, by and large, ignored in human rights studies and research, and too little therefore is known about the experience of both, the enjoyment and violation of this significant right. The present study marks the first systematic and comprehensive attempt towards reporting on this freedom in different geo-political regions covering around sixty countries of the world. It offers a detailed account of how this neglected but important freedom is being understood, protected and denied at the close end of the twentieth century. The countries covered in the *World Report* have been classified into five major regions — Africa, the Americas, Asia-Pacific, Europe and the Middle East. The themes covered in the book include the relationship be[illegible] belief groups and the state, freedo[illegible] manifest belief in law practice [illegible] and schools, religious minorities [illegible] religious movements, the impact [illegible] status of women, etc.

Article 18 of the Un[illegible] Declaration of Human Rights pr[illegible] that everyone should have the r[illegible] freedom of thought conscien[illegible] religion. The *World Report* poin[illegible] that this right is far from [illegible] enjoyed in the world [illegible] Discrimination and intoler[illegible] religious grounds is a serious [illegible] of human rights in the world. R[illegible] persecution of minority faith[illegible] conversion, desecration of re[illegible] the proscribing of belief and [illegible] discrimination killing and [illegible] continuing global phenome[illegible] *Report* rightly points out th[illegible] conflicts in the past and pr[illegible] invariably involved [illegible] differences coupled with [illegible] superiority of belief or [illegible] truth. The current worldwide [illegible] of religious revivalist [illegible] fundamentalism has accentuat[illegible] threats to the freedom of religio[illegible] and secular thought. The *Report* [illegible] an insight into this aspect and [illegible] any sharp linkage between the [illegible] development and intolerance. If freedom of religion and belief is [illegible] threat in Algeria, Egypt, India, Pa[illegible] or Iran, the record of more dev[illegible] countries such as Germany, UK or [illegible] is no better.

book is also important for its v about the sensitive issue of tor it is not based on the nistic disposition of the editors. s mostly on the first-hand account of experts, writers and s from the concerned country n The reviewer's acquaintance th Asia, especially India and leads him to maintain that the from these countries have ely and impartially accounted mplex situation of the state of of religion, belief and conflict

nclude the work constitutes a portant addition to our e of freedom of religion and und the world It provides s for further investigation, nd action It should therefore ial reading for researchers monitoring agencies and policy ke The publishers deserve to atulated for simultaneously out the hardcover £ 29. and £ 14.95 editions, which will affordable in third world

ILLENNIUM EQUIPOISE

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Lancer Publishers & Distribu
p 232

L TANDON

ral Vinod Saighal's *Third lennium Equipoise* is an interesting book that analyses the problems, dilemmas and confusions which we have built for ourselves, with the vague awareness that these dilemmas cannot remain unfaced or unsolved for long If allowed to continue and gather momentum they can bring the earth and its living creatures and mankind to an end Seven decades ago, HG Wells and Aldous Huxley foresaw this as a likelihood, in some form or another They saw the human mind increasingly unable to keep pace with the exponential rate at which science and knowledge were growing, both positively, in the good they were bringing to mankind, and negatively, in that they could bring mankind to an end

I recall a book written by Professor Olaf Stapledon in the 1920s *The Last and the First Man* It envisaged a stage where scientific knowledge misused beyond the tolerable limits of the earth, and created such environmental degradation and destruction that our planet became totally insupportable and unliveable The small community of human beings then left on earth, with their most advanced scientific knowledge, decided to send out a small group to discover whether there was a liveable planet in space to which they could migrate The exploratory team came back with the news that they had indeed discovered such a planet, and to it the remnants of mankind decide to go. Among them, one well-versed in history, leaves a record behind about their reasons for migrating

Where Stapledon's Last Man and his contemporaries failed, Vinod Saighal has hope, plus a warning and a solution if mankind and its societies can create an Equipoise in the Third Millennium. He delves into the past and argues that displacement of established hierarchies is always difficult. In the past such displacements could, broadly speaking, only be effected through assassination, revolution or war In many countries this is still the preferred method, although such methods are obviously neither desirable nor possible in the stable democracies of the world Nor can the democratic world order, wherever it exists, bring about a change of state in the non-democratically governed nations by means that cannot stand scrutiny in the light of day Here, global media net-works of the space age play a significant role in sensitising the peoples of the world to the common heritage of mankind, and the commonality of the aspirations of future generations to live in harmony on an increasingly burdened planet.

Even though there has been progress towards nuclear disarmament, it is said that the genie cannot be put back into the bottle. Meanwhile other genies are in the process of escaping from other bottles. In the lifetime of the post-second World War generation, however, the biggest genie remains the genie of nuclear holocaust. Even if it cannot be put back in the bottle, it should be possible to manage it, if not tame it. This exercise has to be undertaken seriously.

Mankind is instinctively head[illegible] the right direction that of glo[illegible] harmonisation The progress, howe[illegible] is painfully slow. Unless the proce[illegible] consciously speeded up th[illegible] unconscionable delay could push [illegible] holders-out into pathways of more d[illegible] technological refinements wh[illegible] remaining unchecked, repres[illegible] potentially a far deadlier menace to the survival of life on the planet, the w[illegible] in its unregulated technolog[illegible] advancement having almost crossed [illegible] threshold of planetary tolerance

Unless individual nations, how[illegible] mighty, view the human race [illegible] collectivity, no global treaties [illegible] unequal entered into voluntarily [illegible] through coercion, will inspire [illegible] confidence

So far so good The logic of [illegible] the author has stated can hardly [illegible] assailed The problem surfaces [illegible] converting the logic into a definite course of action in the face of [illegible] manifest intransigence of the most [illegible] nations of the world In the next [illegible] come the nations which are [illegible] secure by virtue of historic support [illegible] the remaining superpower, or [illegible] which have become insecure due to [illegible] having mortgaged their future [illegible] by signing on the dotted line of [illegible] NPT and CTBT Hence, further progress towards a nuclear-free world [illegible] to be coaxed out of the declared nuc[illegible] haves and those nearly there

The first hurdle towards a genuine nuclear-free world relates to nation[illegible]

sovereignty. The concept of national sovereignty must suffer dilution across the board if human society has to survive in its civilized state in the next century. Here again, while the concept of national sovereignty continues to be respected by the United Nations and most states are generally free to exercise sovereign rights within national boundaries the condition really prevailing is different.

The reference to the weakening of national sovereignty brings to mind the words of Anthony Eden, prime minister of Britain, who said in the fifties that [illegible] new [illegible] scientific [illegible] greater [illegible] of the old [illegible] of national [illegible].

National sovereignty today is giving [illegible] of nations in [illegible] regional [illegible] groups like the Benelux [illegible] and the European [illegible] that has [illegible] dropped the word [illegible] and become the European [illegible] with complete freedom of [illegible] and settlement [illegible] new [illegible] currency and joint defence. [illegible] is cooperating with its [illegible] the North Atlantic Trade Association (NAFTA) and [illegible] South will, no doubt, cooperate with [illegible] Latin American Free Trade [illegible] Association (LAFTA). At the other end, [illegible] the Pacific Ocean, the Asia Pacific [illegible] Economic Community (APEC) is [illegible] bringing together the Pacific Ocean rim [illegible] states from South Korea to New Zealand. Interestingly, the countries that caused and fought bitter wars in Europe and Asia Pacific – Germany, France, Japan, China – are today the hearts of the two Unions. If only India could shed its fear of domination arising from the shadow cast by a thousand years of subjugation, there might soon be an Indian Ocean Union, consisting of Pakistan, India, the Gulf, the east African countries, and the Himalayan countries of Nepal, Bhutan, Sikkim and Burma.

Mankind living together in global harmony and peace is a prospect that the *Third Millennium Equipoise* promises. The book is worth reading, especially by us in India who have suddenly moved into a nuclear inequipoise.

THE CRISIS IN KASHMIR: PORTENTS OF WAR HOPES OF PEACE

Sumit Ganguly
Washington: Woodrow Wilson Center Press, [illegible] Cambridge, UK: Cambridge University Press, [illegible] pp 182

HARISH KAPUR

Much indeed has been written on Kashmir. As a controversial issue that has literally governed Indo-Pakistan relations for more than 50 years, it is natural that reams of paper should have been devoted to the subject. Sumit Ganguly's book is the latest attempt to have another hard look at it. As far as data, information, history and documentation is concerned, there is hardly anything innovative in the publication. It covers a well-trodden path. But, what makes this book different from the next is its

methodological approach. Drawing "on a well established literature in the field of political science", the author has attempted "to provide a theoretical explanation of the origins of the crisis". The linchpin of his analysis is that since the establishment of "robust political institutions" in Kashmir have not kept pace with political mobilisation (increased literacy, higher education, economic development, etc) the already ongoing Kashmiri discontent has coalesced into an "ethno-religious" movement, of which the most important feature is Islamic fundamentalism.

While highlighting a panoply of factors that may have contributed to the emergence of the explosive situation the author has not succeeded in focusing on the real accelerator that may have amplified the rumblings of discontent into the 1989 explosion. What the spark really was, that ignited the insurgency is, alas, missing in the book. Also missing is the exact localisation of the basic cause of Kashmiri discontent. In his meritorious desire to be objective and fair to all the parties concerned, Ganguly has followed the scholarly practice of mechanically listing the different factors that may have escalated the Kashmiri movement. While this is an approach that many of us in the academic world follow - convinced of course that everything is complex and multicausal - it is nonetheless important that one must attempt to give weighty importance to those elements that are more primordial than the others.

In any event, neither Pakis[illegible] involvement nor Islamic fundamentalism in and around Kashmir is singled out [illegible] the principal reason for the aggravation of the Kashmir crisis, whereas there [illegible] others – not only from the Indian establishment [illegible] who advance [illegible] argument that the Kashmir issue would have remained basically marginal but [illegible] the continuous support that [illegible] discontent received from outside.

In his last chapter, the author [illegible] examined the different "strategic options" open for India to resolve [illegible] Kashmir issue. After dismissing [illegible] different Indian options as untenable Ganguly goes on to present his [illegible] "alternative strategy". This is [illegible] impractical, since it basically [illegible] Indian acquiescence to the [illegible] status which would hardly satisfy Kashmiri opposition groups [illegible] demanding either independence [illegible] merger with Pakistan [illegible] involves a "package" of [illegible] concessions to Pakistan that [illegible] be acceptable to a country that [illegible] striving to detach Kashmir from [illegible] Besides, none of the mainstream [illegible] parties – constrained as all of them [illegible] domestically – are in a position to [illegible] any concessions that go beyond the [illegible] quo, least of all the present B[illegible] government.

One delicate problem that Ganguly has raised concerns the fate of India's Muslims, should Kashmiri insurgents' claim to national self-determination [illegible] materialise. The author has argued [illegible]

Indian Muslims should under no circumstances have to answer for the behaviour of their religious brethren in Kashmir." While the author is perfectly right in presenting such an argumentation for India must remain secular, it is nonetheless important to analyse the attitude and the role, if any, of the Indian Muslim establishment on the Kashmir question and Kashmiris. What was the level of their interaction with their Kashmiri brethren and what were the initiatives or political steps they took to persuade the Kashmiris to remain within the Indian framework in order to reinforce the foundations of secularism in India? Understandably the author has not delved into this question, as it would have taken him beyond his framework, but the question nonetheless needs to be seriously examined, as an area of darkness, unfortunately, still surrounds the subject. ■

NOTED BRIEFLY

THE REVIEW: THE EVOLVING AFRICAN CONSTITUTIONALISM

Geneva International Commission of Jurists, June 1998

The International Commission of Jurists, a Geneva based non-governmental organisation, has devoted its June 1998 issue of "The Review" to evolving African constitutionalism It is a useful study – probably the first of its kind in which a number of specialists have contributed articles on evolving constitutionalism, on human rights, and on "African Conflict Prevention Mechanism" Of particular value are the basic texts of important African documents, including the one on the establishment in 1998 of the African Court on Human and People's Rights

THE EUROPEAN UNION 1997: ANNUAL REVIEW OF ACTIVITIES

Geoffrey Edwards and Georg Wiessala (ed)
Oxford, Blackwell Publishers Limited, 1998

This publication covers the activities of the European Union (EU) during 1997 The contributions by specialists are wide-ranging, subsuming an array of topical subjects that range from the Union's institutions to its internal and external developments. Perhaps the most useful contributions are the "Guide to the Documentation of the European Union", and the "Chronology of Key Events 1997" The first is [illegible] enumeration of key EU documents [illegible] publications of 1997, and the second [illegible] an inventory of major EU events of [illegible] year - certainly very useful instrument[illegible] of work for researchers interested in [illegible] European Union

INDIA'S TIBET POLICY

I I Mehrotra
New Delhi Tibetan Parliamentary and P[illegible] Research Centre 1998

While the first half of the public[illegible] covers the well trodden ground [illegible] Sino-Indian relations the other [illegible] is innovative The author I I Mehro[illegible] former Secretary of the Indian Mi[illegible] of External Affairs has devoted [illegible] informative chapter on the [illegible] Chinese nuclear and conven[illegible] military presence in Tibet It [illegible] formation in the publication is [illegible] then the Chinese military prese[illegible] Tibet is horrendously massive and I[illegible] understandably has every reason [illegible] concerned about the threats to [illegible] security The other innovative asp[illegible] the publication is the annex [illegible] contains seven important docu[illegible] most of which highlight [illegible] internationalisation of the Tibe[illegible] question

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JOINT STATEMENT ISSUED BY KAZAKHSTAN, CHINA, KYRGYZSTAN, RUSSIA AND TAJIKISTAN AT THE ALMA-ATA MEETING, 3 JULY, 1998

Alma-Ata (Xinhua) - The following is a full text of the joint statement [illegible] by Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan at a meeting [illegible] Friday

The Republic of Kazakhstan, the People's Republic of China, the [illegible] Republic of Kyrgyzstan, the Russian Federation and the Republic of [illegible] (hereinafter referred to as "the parties"),

In view of the agreement on the build-up of confidence in the military [illegible] border areas signed in Shanghai in 1996 by the participating countries of [illegible] meeting and the agreement on mutual reduction of military forces in [illegible] areas signed in Moscow in 1997 by the same participating countries [illegible] willingness to expand and strengthen their multilateral cooperation on the [illegible]

Satisfied with the sustained development of the good neighbourliness, [illegible] mutual trust and allround cooperation among the five countries

Upholding the universally accepted norms of mutual respect for sove[illegible] territorial integrity, equality and non-interference in each other's inte[illegible] and in favour of solving the disputes and differences among th[illegible] through friendly consultation,

Emphasizing that further expanding and strengthening the bilateral and [illegible] cooperation in the spirit of good neighbourliness and friendship [illegible] fundamental interests of the peoples of the five countries and constitu[illegible] important positive factor for the stability, security, development and pro[illegible] in this region and the whole of Asia;

Considering that large-scale economic cooperation is of vital significance [illegible] consolidation of the regional peace and stability;

Noticing the global development in establishing multilateral cooperati[illegible] mechanisms and its growing impact on Central Asia;

and in the light of the results of this meeting;

hereby make the following statements.

The parties will take all necessary measures to ensure the strict implementation of the agreement on the build-up of confidence in the military field in border areas signed on April 26, 1996, and the agreement on mutual reduction of military forces in border areas signed on April 24, 1997, and reaffirm the importance of holding regular consultations on the implementation of the above two agreements.

The parties highly value the important positive impact of the Shanghai and Moscow agreements on the security in this region and the world at large, believing that this is a concrete manifestation of the new-type security concept that has been shaping and developing since the end of the Cold War, and also is successful try in consolidating regional and global security and cooperation. The coordination among the five countries is an open one, not directed at any third country.

The parties, proceeding from the realities of this region, agree to actively hold bilateral and regional dialogue and consultations on security issues and welcome all the interested countries in this region to participate in this process.

The parties agree to hold meetings, when necessary, at the levels of experts, foreign ministers and heads of state and government to discuss the issues of how to ensure security and expand cooperation in Central Asia and the entire Asian continent.

The parties support the basic ideas of Kazakhstan's proposal on convening the Conference on Interaction and Confidence-Building Measures in Asia, and express their willingness to continue to actively improve them. The parties highly value the initiative of the Central Asian countries on the establishment of the Central Asian nuclear free zone.

The parties express their willingness to continue their in-depth consultations on major international issues and the situation in Asia and, if necessary, to hold consultations via the United Nations, other international and regional organisations and conferences.

The parties are unanimous that any form of national splittism, ethnic exclusion and religious extremism is unacceptable. The parties will take

steps to fight against international terrorism, organised crimes, arms smuggling, the trafficking of drugs and narcotics, and other transnational criminal activities and will not allow their territories to be used for the activities undermining the national sovereignty, security and social order of any of the five countries.

6 The parties agree that the following basic principles must be observed in developing economic cooperation of equality and mutual benefit

- Provide internationally accepted trade terms to each other in order to expand their trade volumes,
- Encourage and support various forms of economic and trade cooperation in local and border areas as well as cooperation between large enterprises and large companies of the five countries,
- Improve their respective investment environment so as to create conditions for boosting investment in the economic projects in their countries

7. The parties hold that it is necessary to intensify and encourage large-scale long-term cooperation in all economic fields, including the construction of oil and gas pipelines and railway, highway, water and air transport

The parties will give priority to upgrading and utilizing the existing transport and pipeline facilities between them or leading to other countries

While primary attention should be paid to the profitability, reliability and safety of both on-going and future projects, due consideration should be given to the national and economic interests of the countries along the routes of these projects

The parties welcome all the interested countries and companies to participate in these projects

The parties attach importance to the cooperation in the field of energy on an equal and mutually beneficial basis, including the feasibility study on the projects supplying electricity to each other and allowing power transmission to pass through their territories

The parties attach great importance to the protection of the environment of this region and are willing to co-operate in this field

8. The parties hold that the international situation is undergoing profound changes, economic globalisation is accelerating and the trend towards a multipolar world is becoming clearer, which will help promote the stability of the international situation and create conditions for the social and economic development of all countries in the world.

INDO-PAKISTAN DECLARATION ON KASHMIR JOINT STATEMENT

Mr Shamshad Ahmad, Foreign Secretary of Pakistan and Mr K Raghunath, Foreign Secretary of India, met in Islamabad on 15-18 October, 1998 and held separate meetings on agenda item (a) Peace and Security including Confidence-building Measures, and (b) Jammu and Kashmir, on the basis of 23 June, 1997 Agreement. The talks were held in a cordial and frank atmosphere within the framework of the composite and integrated dialogue process.

The deliberations between the foreign secretaries were guided by the belief of their prime ministers as expressed in their Joint Statement of September, 1998, that an environment of durable peace and security was in the supreme interest of both countries, and the region as a whole, and that peaceful settlement of all outstanding issues, including Jammu and Kashmir, was essential for this purpose.

The Foreign Secretary of India called on the Prime Minister of Pakistan Nawaz Sharif, and conveyed to him a message of goodwill from Prime Minister A B Vajpayee. The Prime Minister of Pakistan warmly reciprocated the Prime Minister's good wishes. The Indian Foreign Secretary also called on Foreign Minister Sartaj Aziz.

The meeting on 16 October, 1998, discussed issues of peace and security including Confidence-building Measures. Both sides underscored their commitment to reduce the risk of a conflict by building mutual confidence in the nuclear and conventional fields.

The meeting on 17 October discussed Jammu and Kashmir. The two sides reiterated their respective positions.

The two foreign secretaries agreed that the next round of talks on the issues of Peace and Security and Confidence-building Measures and Jammu and Kashmir respectively, and a review of the round, would be held in the first half of February, 1999, in New Delhi.

Islamabad
18 October 1998

threat of terrorism. Activities and movements of the Palestinian Police ...
may be carried out after coordination and confirmation, the Israeli side ...
respond to such requests expeditiously.

2 As part of the foregoing implementation of the first and second FRD ...
from Area (B) will become Area (A)

A *Third Phase of Further Redeployments*

With regard to the terms of the Interim Agreement and of Secretary Christopher's letters to the two sides of January 17, 1997 relating to the further redeploy... process, there will be a committee to address this question The United St... will be briefed regularly

II SECURITY

In the provisions on security arrangements of the Interim Agreement ... Palestinian side agreed to take all measures necessary in order to prevent ... terrorism, crime and hostilities directed against the Israeli side, against individ... falling under the Israeli side's authority and against their property ... Israeli side agreed to take all measures necessary in order to prevent ... terrorism, crime and hostilities directed against the Palestinian side ... individuals falling under the Palestinian side's authority and against ... property The two sides also agreed to take legal measures against off... within their jurisdiction and to prevent incitement against each other ... organisations, groups or individuals within their jurisdiction

Both sides recognize that it is in their vital interests to combat terrori... fight violence in accordance with Annex I of the Interim Agreement and ... Note for the Record They also recognize that the struggle against terror ... violence must be comprehensive in that it deals with terrorists, the terror supp... structure, and the environment conducive to the support of terror It must ... continuous and constant over a long-term, in that there can be no pauses in ... work against terrorists and their structure It must be cooperative in that no eff... can be fully effective without Israeli-Palestinian cooperation and the continuous exchange of information, concepts, and actions.

Pursuant to the prior agreements, the Palestinian side's implementation of its responsibilities for security, security cooperation, and other issues will be as detailed below during the time periods specified in the attached time line:

A. *Security Actions*

1. Outlawing and Combating Terrorist Organizations

(a) The Palestinian side will make known its policy of zero tolerance for terror and violence against both sides.

(b) A work plan developed by the Palestinian side will be shared with the US and thereafter implementation will begin immediately to ensure the systematic and effective combat of terrorist organizations and their infrastructure.

(c) In addition to the bilateral Israeli-Palestinian security cooperation, a US-Palestinian committee will meet biweekly to review the steps being taken to eliminate terrorist cells and the support structure that plans, finances, supplies and abets terror. In these meetings, the Palestinian side will inform the US fully of the actions it has taken to outlaw all organizations (or wings of organizations, as appropriate) of a military, terrorist or violent character and their support structure and to prevent them from operating in areas under its jurisdiction.

(d) The Palestinian side will apprehend the specific individuals suspected of perpetrating acts of violence and terror for the purpose of further investigation, and prosecution and punishment of all persons involved in acts of violence and terror.

(e) A US-Palestinian committee will meet to review and evaluate information pertinent to the decisions on prosecution, punishment or other legal measures which affect the status of individuals suspected of abetting or perpetrating acts of violence and terror.

2. Prohibiting Illegal Weapons

(a) The Palestinian side will ensure an effective legal framework is in place to criminalize, in conformity with the prior agreements, any importation, manufacturing or unlicensed sale, acquisition or possession of firearms, ammunition or weapons in areas under Palestinian jurisdiction.

(b) In addition, the Palestinian side will establish and vigorously and continuously implement a systematic program for the collection and appropriate

handling of all such illegal items in accordance with the prior agreement. The US has agreed to assist in carrying out this program.

c. A US-Palestinian-Israeli committee will be established to assist and enhance cooperation in preventing the smuggling or other unauthorized introduction of weapons or explosive materials into areas under Palestinian jurisdiction.

3. Preventing Incitement

a. Drawing on relevant international practice and pursuant to Article XXII (1) of the Interim Agreement and the Note for the Record, the Palestinian side will issue a decree prohibiting all forms of incitement to violence or terror, and establishing mechanisms for acting systematically against all expressions or threats of violence or terror. This decree will be comparable to the existing Israeli legislation which deals with the same subject.

b. A US-Palestinian-Israeli committee will meet on a regular basis to monitor cases of possible incitement to violence or terror and to make recommendations and reports on how to prevent such incitement. The Israeli, Palestinian and US sides will each appoint a media specialist, a law enforcement representative, an educational specialist and a current or former elected official to the committee.

B. *Security Cooperation*

The two sides agree that their security cooperation will be based on a spirit of partnership and will include, among other things, the following steps:

1 *Bilateral Cooperation*

There will be full bilateral security cooperation between the two sides which will be continuous, intensive and comprehensive.

2 *Forensic Cooperation*

There will be an exchange of forensic expertise, training, and other assistance.

3. *Trilateral Committee*

In addition to the bilateral Israeli-Palestinian security cooperation, a high-ranking US-Palestinian-Israeli committee will meet as required and not less than biweekly to assess current threats, deal with any impediments to effective security cooperation and coordination and address the steps being taken to combat terror and terrorist organizations.

week will be responded to in conformity with Article II (7) (f) within four weeks of their submission. The US has been requested by the sides to report on a regular basis on the steps being taken to respond to the above requests

4. Human Rights and the Rule of Law

Pursuant to Article XI (1) of Annex I of the Interim Agreement, and without derogating from the above, the Palestinian Police will exercise powers and responsibilities to implement this Memorandum with due regard to internationally accepted norms of human rights and the rule of law, and will be guided by the need to protect the public, respect human dignity, and avoid harassment

III INTERIM COMMITTEES AND ECONOMIC ISSUES

1. The Israeli and Palestinian sides reaffirm their commitment to enhancing their relationship and agree on the need to actively promote economic development in the West Bank and Gaza. In this regard, the parties agree to continue or reactivate all standing committees established by the Interim Agreement, including the Monitoring and Steering Committee, the Joint Economic Committee (JEC), the Civil Affairs Committee (CAC), the Legal Committee and the Standing Cooperation Committee

2 The Israeli and Palestinian sides have agreed on arrangements which [illegible] permit the timely opening of the Gaza Industrial Estate. They also [illegible] concluded a "Protocol Regarding the Establishment and Operation [illegible] International Airport in the Gaza Strip During the Interim Period

3. Both sides will renew negotiations on Safe Passage immediately. As [illegible] the southern route, the sides will make best efforts to conclude the agreement within a week of the entry into force of this Memorandum. Operation of [illegible] southern route will start as soon as possible thereafter. As regards the [illegible] route, negotiations will continue with the goal of reaching agreement [illegible] as possible. Implementation will take place expeditiously thereafter

4. The Israeli and Palestinian sides acknowledge the great importance of the [illegible] of Gaza for the development of the Palestinian economy, and the expansion [illegible] Palestinian trade. They commit themselves to proceeding without delay [illegible] conclude an agreement to allow the construction and operation of the port [illegible]

...ccordance with the prior agreements. The Israeli-Palestinian Committee will ...eactivate its work immediately with a goal of concluding the protocol within ...ixty days, which will allow commencement of the construction of the port.

... The two sides recognize that unresolved legal issues adversely affect the ...lationship between the two peoples. They therefore will accelerate efforts ...hrough the Legal Committee to address outstanding legal issues and to ...mplement solutions to these issues in the shortest possible period. The ...alestinian side will provide to the Israeli side copies of all of its laws in effect.

The Israeli and Palestinian sides also will launch a strategic economic dialogue ...nhance their economic relationship. They will establish within the framework ...the JEC an Ad Hoc Committee for this purpose. The committee will review ... following four issues: (1) Israeli purchase taxes; (2) cooperation in combating ...ehicle theft; (3) dealing with unpaid Palestinian debts; and (4) the impact of ... standards as barriers to trade and the expansion of the A1 and A2 lists. The ...mmittee will submit an interim report within three weeks of the entry into ... of this Memorandum, and within six weeks will submit its conclusions and ...mmendations to be implemented.

The two sides agree on the importance of continued international donor ...tance to facilitate implementation by both sides of agreements reached. ... also recognize the need for enhanced donor support for economic ...lopment in the West Bank and Gaza. They agree to jointly approach the ... community to organize a Ministerial Conference before the end of 1998 ...ek pledges for enhanced levels of assistance.

...ERMANENT STATUS NEGOTIATIONS

... two sides will immediately resume permanent status negotiations on an ...lerated basis and will make a determined effort to achieve the mutual goal ...ching an agreement by May 4, 1999. The negotiations will be continuous ...without interruption. The US has expressed its willingness to facilitate these ...gotiations.

V. UNILATERAL ACTIONS

Recognizing the necessity to create a positive environment for the negotiations neither side shall initiate or take any step that will change the status of the West Bank and the Gaza Strip in accordance with the Interim Agreement

This Memorandum will enter into force ten days from the date of signature

Done at Washington, DC this 23rd day of October 1998.

For the Government of the State of
Israel:
Benjamin Netanyahu

For the PLO:
Yassir Arafat

Witnessed by
William J Clinton
The United States of America

TIME LINE

Note: Parenthetical references below are to paragraphs in "The Wye River Memorandum" to which this time line is an integral attachment. Topics not included in the time line follow the schedule provided for in the text of the Memorandum.

1. Upon Entry into Force of the Memorandum:
   Third further redeployment committee starts (I (B))
   Palestinian security work plan shared with the US (II (A) (1) (b))
   Full bilateral security cooperation (II (B) (1))
   Trilateral security cooperation committee starts (II (B) (3))
   Interim committees resume and continue; Ad Hoc Economic Committee starts (III)
   Accelerated permanent status negotiations start (IV)

2. Entry into Force – Week 2:
   Security work plan implementation begins (II (A) (1) (b)); (II (A) (1) (c)) committee starts
   Illegal weapons framework in place (II (A) (2) (a)); Palestinian implementation report (II (A) (2) (b))
   Anti-incitement committee starts (II (A) (3) (b)); decree issued (II (A) (3) (a))
   PLO Executive Committee reaffirms Charter letter (II (C) (2))
   Stage 1 of FRD implementation: 2% C to B, 7.1% B to A. Israeli officials acquaint their Palestinian counterparts as required with areas;
   FRD carried out; report on FRD implementation (I (A))

3. Week 2–6:
   Palestinian Central Council reaffirms Charter letter (weeks two to four) (II (C) (2))
   PNC and other PLO organizations reaffirm Charter letter (weeks four to six) (II (C) (2))
   Establishment of weapons collection program (II (A) (2) (b)) and collection stage (II (A) (2) (c)); committee starts and reports on activities

Anti-incitement committee report (II (A) (3) (b))
Ad Hoc Economic Committee: interim report at week three, final report at week six (III)
Policemen list (II (C) (1) (a)); Monitoring and Steering Committee review starts (II (C) (1) (c)
Stage 2 of FRD implementation 5% C to B Israeli officials acquaint their Palestinian counterparts as required with areas, FRD carried out report on FRD implementation (I (A))

4 Week 6-12:
Weapons collection stage II (A) (2) (b), II (A) (2) (c) committee report on its activities
Anti-incitement committee report (II (A) (3) (b))
Monitoring and Steering Committee briefs US on policemen list (II (C) (c))
Stage 3 of FRD implementation 5% C to B, 1% C to A, 7.1% B to A Israeli officials acquaint Palestinian counterparts as required with areas FRD carried out, report on FRD implementation (I (A))

5 After Week 12
Activities described in the Memorandum continue as appropriate and if necessary, including
Trilateral security cooperation committee (II (B) (3))
(II (A) (1) (c)) committee
(II (A) (1) (e)) committee
Anti-incitement committee (II (A) (3) (b))
Third Phase FRD Committee (I (B))
Interim Committees (III)
Accelerated permanent status negotiations (IV)

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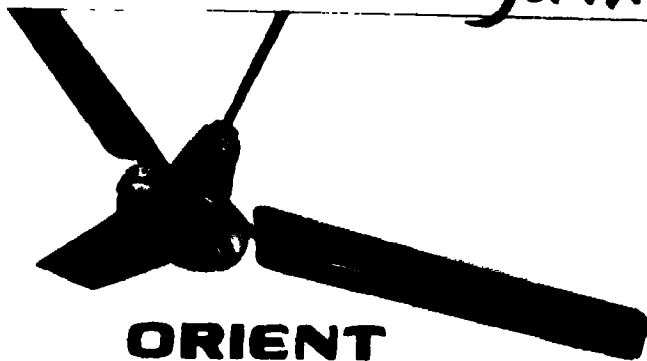
The measure which the whole world treasures

Mudra OF·111

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